1944

Annual Report OF THE TRUSTEES OF THE CENTRAL RAILROAD CO. OF NEW JERSEY

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1944 ANNUAL REPORT

of the Trustees of

THE CENTRAL RAILROAD CO. OF NEW JERSEY

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THE CENTRAL RAILROAD CO. OF NEW JERSEY

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CORPORATE DIRECTORS

ROY B. WHITE, *Chairman*
REVELLE W. BROWN
WILLIAM G. CURREN
GOLDTHWAITE H. DORR
WILLIAM V. GRIFFIN
HOWARD W. MAXWELL
THEODORE W. REATH
RUSSELL L. SNODGRASS

EXECUTIVE COMMITTEE

ROY B. WHITE, *Chairman*
GOLDTHWAITE H. DORR
THEODORE W. REATH
WILLIAM V. GRIFFIN
HOWARD W. MAXWELL

CORPORATE OFFICERS

ROY B. WHITE, *Chairman of the Board*	Baltimore, Md.
CHARLES L. EWING, *Vice President*	New York, N. Y.
WILLIAM KOHLER, *Secretary and Treasurer*	New York, N. Y.

GENERAL OFFICES

Central Building, 143 Liberty St., New York 6, N. Y.

REGISTRAR OF TRANSFERS

Central Hanover Bank and Trust Co., 70 Broadway, New York 15, N. Y.

THE CENTRAL RAILROAD CO. OF NEW JERSEY

SHELTON PITNEY and WALTER P. GARDNER, *Trustees*

GENERAL OFFICES

Terminal Building, Jersey City 2, N. J.

WILLIAM WYER, *Chief Executive Officer*

Howard L. Kern, *General Counsel*	New York, N. Y.
Alexander H. Elder, *General Solicitor*	New York, N. Y.
Howard B. Thomas, *Assistant General Solicitor*	New York, N. Y.
William F. Hanlon, *Assistant General Solicitor*	New York, N. Y.
Charles L. Ewing, *Chief Traffic Officer (Freight)*	New York, N. Y.
Matthew L. McElheny, *Assistant to Chief Traffic Officer (Freight)*	New York, N. Y.
Don Y. Smith, *General Freight Traffic Manager*	New York, N. Y.
Albert B. Craig, *Assistant Freight Traffic Manager*	New York, N Y.
Fred E. Gregg, *Comptroller*	Jersey City, N. J.
Philip M. Kelly, *Assistant Comptroller*	Jersey City, N. J.
Walter V. Shipley, *Passenger Traffic Manager*	New York, N. Y.
Benjamin D. Branch, *General Passenger Agent*	New York, N. Y.
Harry E. Yerkes, *Assistant General Passenger Agent*	New York, N. Y.
Earl T. Moore, *General Manager*	Jersey City, N. J.
*Sydney L. Mapes, *Assistant General Manager*	Jersey City, N. J.
George H. Massy, *Superintendent Motive Power and Rolling Equipment*	Elizabethport, N. J.
Peter R. Broadley, *Mechanical Engineer*	Elizabethport, N. J.
Norton P. Willis, *Superintendent of Transportation*	Jersey City, N. J.
*Thomas E. MacMannis, *Engineer Maintenance of Way*	Jersey City, N. J.
Fred W. Bender, *Signal Engineer*	Jersey City, N. J.
Raymond W. Keller, *Electrical Engineer*	Jersey City, N. J.
William Kohler, *Secretary and Treasurer*	New York, N. Y.
Harry M. Sanderson, *Assistant Secretary and Assistant Treasurer*	New York, N. Y.
Albert M. Zabriskie, *Chief Engineer*	Jersey City, N. J.
Joseph J. Yates, *Bridge Engineer*	Jersey City, N. J.
Espy A. Workman, *Purchasing Agent*	New York, N. Y.
Ralph E. Thompson, *Property Manager*	Jersey City, N. J.
Russell C. Slack, *Real Estate Agent*	Jersey City, N. J.
Ennett J. Goodale, *Valuation Engineer*	Jersey City, N. J.
Ira Goldowsky, M. D., *Medical Director*	Jersey City, N. J.
Benjamin F. Davis, *Assistant to Chief Executive Officer*	New York, N. Y.
Philip M. Parker, *Assistant to Chief Executive Officer*	Jersey City, N. J.
Raymond F. Blosser, *Director of Information*	Jersey City, N. J.

* Effective May 1, 1945.

THE TRUSTEES' LETTER

Jersey City, N. J.
June 1, 1945.

To Jersey Central Security Holders:

A HEAVY stream of wartime traffic continued to roll over your company's tracks in 1944, but a decline of about one-third in our petroleum traffic, as pipeline capacity was extended, was a principal factor in reducing the Jersey Central's gross revenue to $60,796,386, compared with a record $62,974,869 in 1943, and $57,446,744 in 1942.

The net income for the year fell to $217,932 from $712,860 in 1943, a decrease of $494,928, although it would have been larger than in 1943 except for an increase of $848,059 for extraordinary year-end charges in December, 1944. During December, charges for deferred maintenance and extraordinary retirements, including sale of our Atlantic Highlands boat-train pier and retirement of nearly 30 miles of track in New Jersey, totaled $1,438,379 against only $590,320 for similar items in December, 1943.

The pier, which was severely damaged in a hurricane which swept the New Jersey coast on September 14, 1944, was sold to the Borough of Atlantic Highlands for $5,000 cash, plus 25% of any rentals until an additional $10,000 is received from the borough. It had not been used for boat service between Atlantic Highlands and New York since the Army took possession of our passenger vessel, the Sandy Hook, after the 1941 summer season.

Our petroleum traffic, which in the past few years has been chiefly of a wartime character, produced gross revenue of $6,827,296 in 1944, or nearly $2,425,000 below the $9,252,253 figure for 1943 when the emergency rail movement of crude petroleum, petroleum oils, gasoline and similar products was at its peak. This decline was slightly more than the total decrease in the Jersey Central's revenues. Because of the slump in this traffic, we discontinued using the wartime facilities of our Tremely Yard in Linden, N. J., on October 18, 1944, and made application to the Office of Defense Transportation and the Petroleum Administration for War for their approval for abandonment of these facilities. This yard, which went into operation on August 2, 1943, was constructed under an agreement with the U. S. Defense Supplies Corp., under which the cost would be amortized at 20% annually until abandoned,

CONDENSED INCOME STATEMENT

	1944	1943	Increase or *Decrease*	
			Amount	Percent
Receipts from the transportation of anthracite and bituminous coal, merchandise, passengers, etc.	$60,796,386	$62,974,869	*$2,178,483*	*3.46*
Cost of operating the railroad and maintaining the property	46,832,850	46,161,089	671,761	1.46
Net Revenues	$13,963,536	$16,813,780	*$2,850,244*	*16.95*
Federal, State and other taxes	$ 6,027,251	$ 8,396,228	*$2,368,977*	*28.21*
Payments to other companies in excess of receipts from such companies for hire of equipment and use of joint facilities	3,439,793	3,226,952	212,841	6.60
Net Railway Operating Income	$ 4,496,492	$ 5,190,600	*$ 694,108*	*13.37*
Income from investments in securities, property rentals and other items	$ 1,055,856	$ 839,926	$ 215,930	25.71
Less miscellaneous income deductions	181,863	135,338	46,525	34.38
Income available for fixed charges	$ 5,370,485	$ 5,895,188	*$ 524,703*	*8.90*
Fixed charges—interest on funded debt, rentals paid for leased railroads, etc.	5,152,553	5,182,328	*29,775*	*.57*
Income after fixed charges	$ 217,932	$ 712,860	*$ 494,928*	*69.43*
Percentage of each dollar of operating revenue consumed by operating expenses	77.03	73.30	3.73	5.09

Italics denote decreases; detailed Income Account starts on page 19.

Jersey Central petroleum trains, pictured along your company's main tracks at Elizabethport, N. J., produced $6,827,296 of wartime revenue in 1944. To the left is Elizabethport Transfer, a focal point for our less-than-carload freight operations in the metropolitan area. In the left background are some of the buildings which comprise our Elizabethport Shops.

with the government paying for the unamortized remainder. The matter is still pending.

Unimpeded by general mine production stoppages in 1944, coal traffic increased from the previous year. Our anthracite movement improved to 9,245,381 net tons from 8,582,640, while our bituminous traffic increased to 10,762,424 net tons from 10,368,238 in 1943. Because of these increases, anthracite revenues rose $451,000 to $11,111,000, while bituminous revenues increased $47,000 to $5,586,000.

Revenues from cement, much of which comes from the Lehigh district around Northampton and Siegfried, Pa., declined to $544,938 from $734,147 in 1943, showing the effect of completion of many of the various war construction programs. With resumption of residential and commercial building after the war, however, and with proposed extensive highway construction projects, this traffic is expected to increase. Your company also has hopes for post-war improvement in its iron ore revenues, due to local conditions in the Lake Hopatcong region, where most of this traffic originates. Reflecting a manpower shortage at some of these mines, iron ore revenues declined to $368,316 in 1944 from $416,048 in 1943.

Of the revenue freight originating on the Jersey Central, 3,280,018 net tons also terminated on our own line in 1944, compared with 2,916,516 in 1943, while 8,382,671 net tons were delivered to connecting railroads, compared with 8,790,339 the previous year. Of the revenue freight coming to us from other railroads, which included virtually all of our petroleum traffic, 20,269,224 net tons terminated on the Jersey Central in 1944 compared with 22,114,814 in 1943, while 17,634,044 net tons were forwarded to connecting railroads compared with 17,260,213 tons the previous year.

Passenger traffic remained at a high level, declining from 1943 but remaining higher than in 1942. The 25,272,127 passengers carried in 1944 compared with 27,388,084 in 1943 and 24,606,551 in 1942. Of these, commutation riders totaled 13,578,438, or lower than 1943, when the figure was 14,648,226, and 1942, when the number was 14,363,467. We believe the decline was due principally to absorption of commuters into the armed services.

On the other hand, we carried more persons in organized troop movements than in any of the other wartime years. In addition to innumerable service personnel making individual trips, we transported 981,129 persons in troop trains in 1944, compared with 798,814 in 1943 and 284,252 in 1942, before the movement of men to Europe reached its full impetus. The Jersey Central participated in movements involving both Camp Kilmer, N. J., and Camp Shanks, N. Y.—a disclosure which was not possible until early January, 1945, when the Army relaxed its censorship and permitted these gigantic embarkation camps to be described as the nation's two largest "staging areas" for overseas troop movements.

Our passenger revenue in 1944 totaled $7,505,468, compared with $8,025,152 in 1943 and $6,660,520 in 1942. Of this, commutation revenue was $2,497,193, against $2,751,592 the previous year and $2,796,329 in 1942. As noted in your company's last report, all railroads' commutation fares were increased early in 1942 but these general increases were suspended by the Interstate Commerce Commission May 15, 1943. Commutation fares, however, vary considerably on the different railroads, and the question of the comparable adequacy of our suburban fares is under active consideration by your company.

Wages, Salaries Increase

Wages and salaries paid employes in 1944 jumped $2,314,631 over the previous year, reflecting general wage increases, some of which were effective for a major part of 1943 and some of which did not become effective until around the start of 1944.

Compensation to employes in 1944 totaled $29,640,300—or approximately half of all money taken in by the company before starting to meet other expenses—compared with $27,325,669 in 1943, when some of the increases were effective, and compared with $26,573,434 in 1942, before the increases were effective. Thus, the payroll increased a total of $3,066,866 from 1942 to 1944.

Passenger Deficits Heavy

As noted elsewhere in this report, your company is actively considering the question of the adequacy of the Jersey Central's commutation fares, which are the same as 25 years ago and which are substantially lower than on other railroads in the New York area. Most of the Jersey Central's passenger train miles are operated to carry suburban riders, but the revenue from this service was only about one-third of our total passenger revenues last year.

The charts on the page to the right show that all revenues attributable to passenger service—including mail, express, ferries, etc.—totaled only $9,799,992 in 1944 against expenses, taxes and fixed charges of $15,779,265, or a deficit of $5,979,273. This loss had to be made up from our freight operations, thus eating up all the profit from the latter, leaving a net loss of $656,061 from carrier operations, as the charts also show. Except for fixed charges, costs are assigned to each type of service in accordance with Interstate Commerce Commission accounting instructions. The Commission does not provide any instructions for allocating fixed charges between classes of service, so those have been divided in proportion to other items of expense.

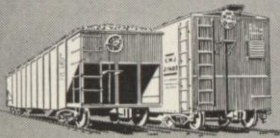
Passengers

INCOME

ALL OTHER PASSENGER REVENUE	$ 1,007,711
EXPRESS	$ 978,598
MAIL	$ 308,215
PASSENGERS	$ 7,505,468
TOTAL	$ 9,799,992

OUTGO

RENTALS	$ 347,814
INTEREST ON DEBT (INCLUDES $85,208 UNFUNDED)	$ 757,050
TAXES	$ 1,490,181
GENERAL, TRAFFIC EXPENSES	$ 600,174
DEPRECIATION, AMORTIZATION	$ 815,804
MAINTAINING ROADWAY, STATIONS, SIGNALS, ETC.	$ 1,832,003
COST OF MAINTAINING EQUIPMENT	$ 2,574,536
COST OF OPERATING TRAINS, FERRIES, STATIONS AND OTHER FACILITIES	$ 7,361,703
TOTAL	$ 15,779,265



Freight

INCOME

ALL OTHER FREIGHT REVENUE	$ 1,435,048
BITUMINOUS COAL	$ 5,586,000
PETROLEUM AND PRODUCTS	$ 6,827,296
ANTHRACITE COAL	$ 11,111,000
MERCHANDISE (OTHER THAN PETROLEUM AND PRODUCTS)	$ 26,037,050
TOTAL	$ 50,996,394

OUTGO

RENT FOR LEASED ROADS	$ 2,181,391
INTEREST ON DEBT (INCLUDES $262,613 UNFUNDED)	$ 2,019,049
RENTAL—EQUIPMENT AND JOINT FACILITIES	$ 3,287,042
TAXES	$ 4,537,070
GENERAL AND TRAFFIC EXPENSES	$ 1,719,214
DEPRECIATION AND AMORTIZATION CHARGES	$ 3,029,369
COST OF MAINTAINING ROADWAY, STATIONS, SIGNALS, ETC.	$ 5,407,433
COST OF MAINTAINING EQUIPMENT	$ 5,555,095
COST OF OPERATING TRAINS, STATIONS, PIERS AND OTHER FACILITIES	$ 17,937,519
TOTAL	$ 45,673,182

OUR $61,852,242 BUSINESS RESULTED IN:

PASSENGER LOSS $5,979,273

FREIGHT PROFIT $5,323,212

NET LOSS FROM CARRIER OPERATIONS $656,061

NET PROFIT FROM NON-CARRIER OPERATIONS
(Income from securities and lease of non-carrier property, etc.)
$873,993

NET INCOME $217,932

Tax Problem Paramount

The most important single problem which must be solved before your company can be successfully reorganized is that of its taxes in the State of New Jersey, which levies taxes, per mile of railroad, more than double the next-highest state, and nine times larger than the average for all 48 states.

The principal levies we pay the State of New Jersey are property taxes and franchise taxes. The property taxes remain high and virtually constant, running around $2,400,000 a year which is assessed regardless of what we earn. The franchise tax is a tax on net railway operating income allocated to New Jersey in proportion to the miles of track in New Jersey.

Unfortunately for the Jersey Central, over two-thirds of our mileage is in New Jersey, so that the state's franchise taxes hit us considerably harder, correspondingly, than they hit the other major railroads, who have a greater proportion of their mileage outside New Jersey.

Our New Jersey operations do not earn two-thirds of our net railway operating income, as the allocation of income on a track mileage basis would imply, but actually lose money, largely because of heavy deficits on suburban service and heavy terminal property taxes. Our money actually is made in Pennsylvania—or we would make money there if the State of New Jersey did not reach across the state line and confiscate it, in the guise of taxes. Ironically enough, the State of New Jersey, in computing our net railway operating income upon which our franchise taxes are based, does not permit us to deduct the annual rent of approximately $2,300,000 which we must pay for the properties used in our Pennsylvania operations, where all of our earnings accrue, so that in normal times it is quite questionable whether we would have enough money left after paying our New Jersey franchise taxes to pay the rent which we must pay in order to retain the properties which earn the money with which we pay New Jersey's franchise taxes.

It is possible to interpret New Jersey's franchise tax law to remedy this vicious circle, but we have been protesting each of the last three years to the state's taxing authorities without any apparent result as of the date of this report. Some of these cases are pending before the New Jersey Supreme Court or before the State's Division of Tax Appeals. Since the State of New Jersey has shown no signs of sympathy with our unusual situation, transfer of our Pennsylvania operations to a separate Pennsylvania subsidiary appears to be the only solution. We accordingly filed a petition on February 26, 1945, asking Federal Bankruptcy Court at Newark, N. J., for authority to transfer our Pennsylvania operations and properties to a wholly-owned subsidiary, the Central Railroad Co. of Pennsylvania, and the State of New Jersey opposed this move in legal arguments which are now underway.

The petition asking permission to take this step pointed out that the action contemplates "no change in train service", but would produce a "substantial" difference in future franchise taxes. Your company believes that based on operations in the last ten years, the saving should vary between approximately $500,000 and $1,200,000 annually, increasing with and depending on the volume of business. In the hearings on this matter, your company estimated that separate operation of the Pennsylvania properties would have produced a net saving of $849,485 in 1942 and $1,133,786 in 1943, after payment of increased Federal and Pennsylvania state taxes.

We propose to lease to the Central of Pennsylvania the locomotives, rolling stock and other equipment needed for operations; to sell to the C. R. P., in return for C. R. P. stock, the other materials, machinery, and similar personal property already located on the Pennsylvania lines; and to advance the C. R. P. $750,000 of working capital in return for C. R. P. stock. In return for the sublease of the Lehigh & Susquehanna, the C. R. P., in addition to paying all taxes and rental accruing on the Pennsylvania properties, would pay as rent to the Central Railroad Co. of New Jersey a proportion of its actual earnings based on the latter's investment in the leased properties. The petition added that the C. R. P. "will establish its own tariffs" and that the division of revenues between the C. R. P. and C. N. J. on traffic moving over both railroads "will be established on the basis customary between other railroads in the same territory." The C. R. P. will have its own officers, who also may be officers of the Central of New Jersey. The trustees added that separation would also enable them "to establish the extent of the net income derived from the operation of the Pennsylvania properties" and would "forestall if not eliminate expensive and protracted litigation" with the State of New Jersey on future franchise tax assessments.

Virtually all of our Pennsylvania trackage and properties, known as the Lehigh & Susquehanna Railroad, have been leased since 1871 from the Lehigh Coal & Navigation Co. As a step in obtaining L. C. & N. approval to sublease the Lehigh & Susquehanna to the Central Railroad Co. of Pennsylvania, the Central Railroad Co. of New Jersey and the L. C. & N. negotiated, contingent upon consummation of plans for establishing C. R. P., a settlement of all differences which had arisen between them over a period of years due to varying interpretations of the 1871 lease and subsequent agreements. The rental of about $2,300,000 a year remains unchanged, and the trustees of the Central Railroad Co. of New Jersey remain liable.

Back Taxes

Because railroad taxes in New Jersey have long been much higher than in any other state, due in part (your trustees believe) to illegal assessments, for a number of years beginning with 1932 the Jersey Central was unable to pay its full taxes without going into bankruptcy. As a result your company's payments during the depression years totaled only about 70% of the principal amount of the State of New Jersey's claims. Several other New Jersey railroads followed the same course. Threatened legal action on these unpaid taxes finally forced the Jersey Central into bankruptcy late in 1939.

In an attempt to straighten out New Jersey's discriminatory railroad tax situation, the state legislature adopted a compromise settlement of the back taxes and interest, known as the Railway Tax Settlement Acts of 1941 and 1942, and established a new system of taxation which it was expected would reduce railroad taxes in years of poor earnings and increase them in prosperous years. Since the subsequent period has been one of relatively high revenues, the new method actually increased our New Jersey taxes even above the excessive taxes formerly levied. Nevertheless we have paid in full so that no taxes due since 1940 are delinquent.

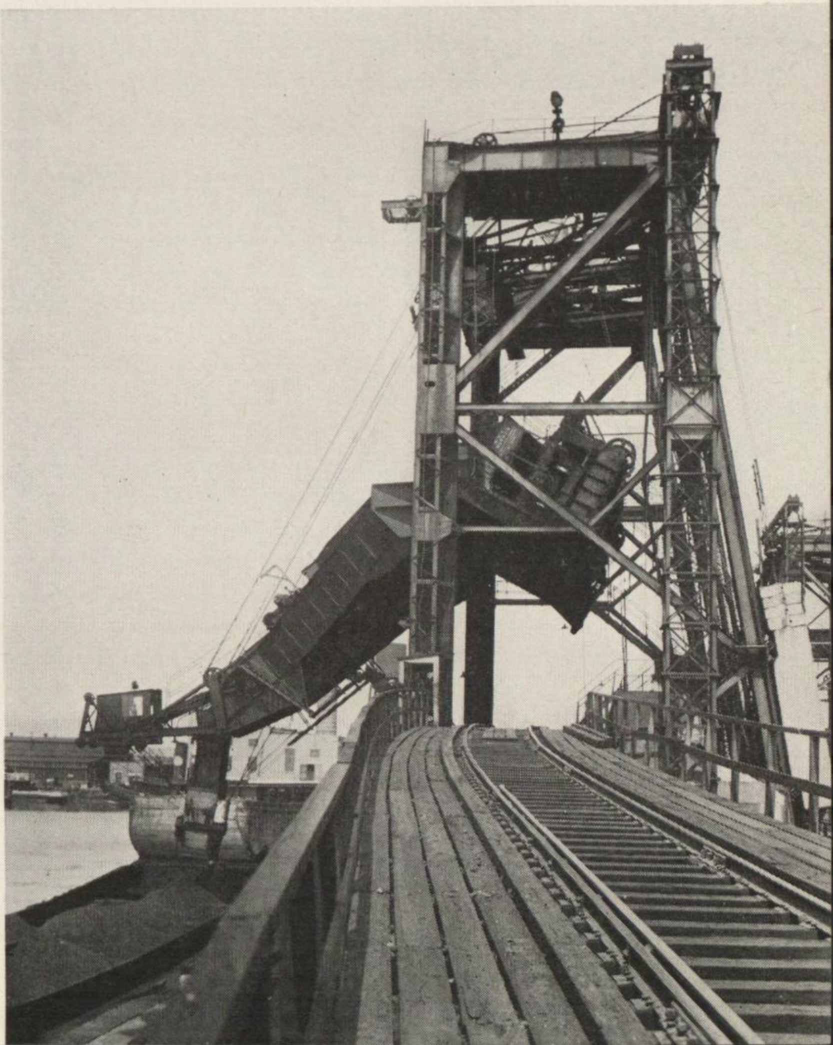
Under the Tax Settlement Acts the interest on these back taxes—interest which the state claims has been piling up at the rate of 1% each month—was waived in return for full payment of the principa and discontinuance of all litigation contesting the amount of the principal. Under the formula applying to the Jersey Central, your company was given the right to pay off the principal over a period of 20 years, plus 3% annual interest on the unpaid balance, from December 1, 1940.

The New Jersey attorney general subsequently filed a civil information suit against the New Jersey state treasurer contesting the constitutionality of the Tax Settlement Acts. The various railroads serving New Jersey were not a party to the case. On June 22, 1944, the Court of Errors and Appeals, New Jersey's highest court, returned a ruling which was generally interpreted as a finding that the Tax Settlement Acts are invalid.

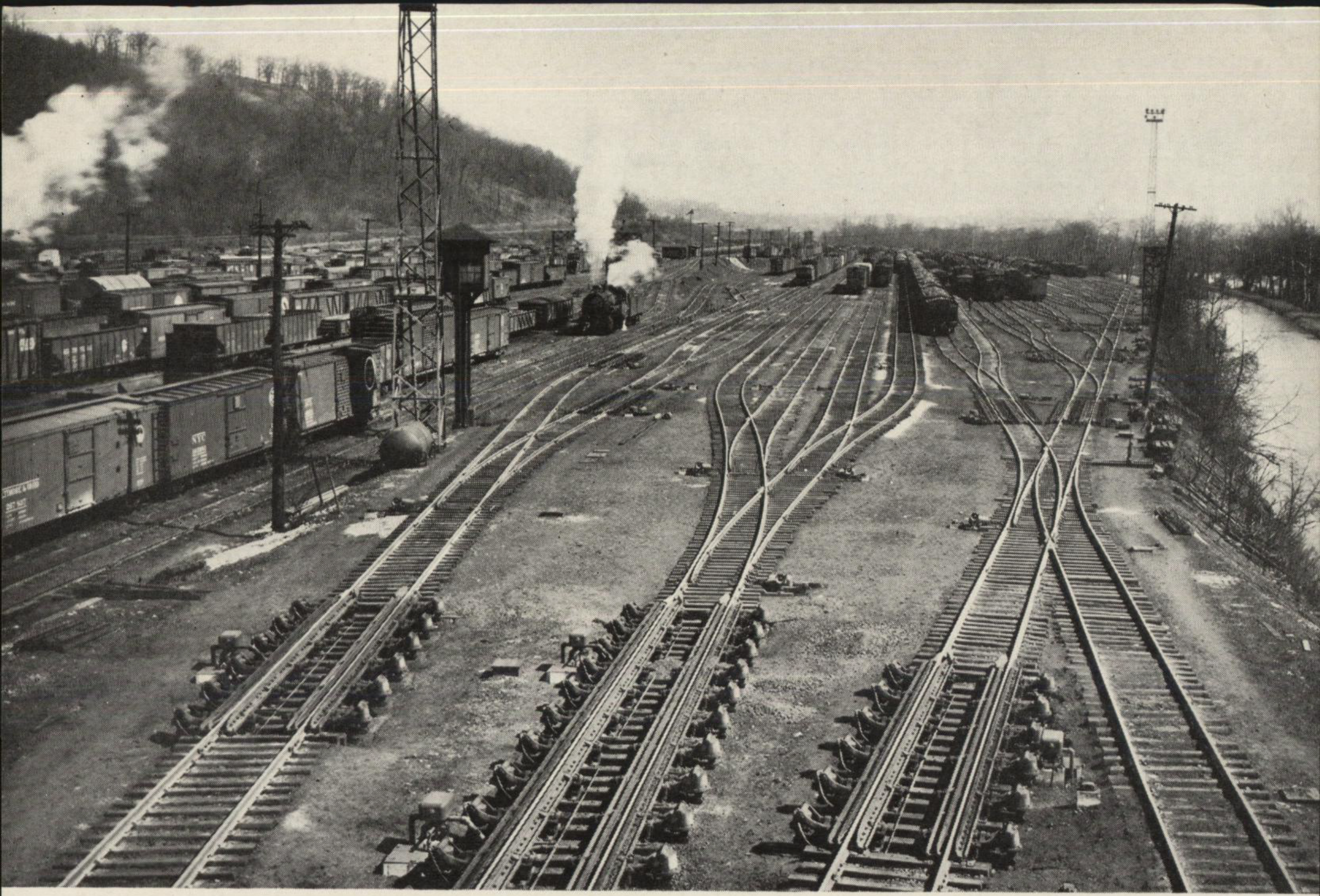
On August 14, 1944, your company's trustees filed a petition in Federal Bankruptcy Court asking a finding that the Court of Errors and Appeals ruling does not invalidate the Tax Settlement Acts as they pertain to the Jersey Central. We also asked the Federal Court to determine the amount and validity of the State of New Jersey's back-tax claims.

The trustees' petition quoted the Tax Settlement Acts to the effect that "if any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of this act, or application of such provision to other persons or circumstances, shall not be affected thereby." The petition pointed out that the Errors and Appeals Court decision rested on a finding of fact that there was no "substantial and valuable consideration" and no "moral or equitable consideration" received by the state for the "remission, cancellation and abatement" of the taxes which piled up in the depression 1930s. The trustees asserted that your company, since it was not a party to the litigation, had no chance to show that the state stood to gain from a settlement under the Tax Settlement Acts, and that your company's trustees "are prepared to prove that there were many substantial and valuable considerations."

The State of New Jersey has sought to have your company's back-tax questions adjudicated by the New Jersey state courts rather than the Federal Bankruptcy Court, although the state had consistently filed all of its claims against the debtor



Here's a profile view of the top section of one of the Jersey Central's two gigantic coal dumping machines at Pier 18 on the Jersey City waterfront. The dumpers hoist fully loaded coal cars into the air, one at a time, as if they were toys, and tilt the cars, dumping the contents into a chute which funnels the coal into barges below.



Shown in the foreground are some of the modern car retarders installed in 1944 to speed classification of freight cars in the Jersey Central's busy Allentown, Pa., yard, a key interchange point with the Reading Railroad. The picture shows the west end of the yard, which is on the banks of the Lehigh Canal. In another section of the yard, we plan to make our initial radio installation this year in order to improve switching operations on the westbound hump. Some 3,000 cars are classified and some 48 freight trains are dispatched daily from Allentown Yard.

in the Bankruptcy Court. The Bankruptcy Court ruled on March 5, 1945, that the Federal courts do have jurisdiction on this question, and the state has appealed. Hearings on these back-tax questions are proceeding before a Special Master to whom the Federal Bankruptcy Court has referred the case, but if the state continues to follow its present course, it probably will be a considerable time before these questions are finally determined.

The State of New Jersey of course also takes the position that the Tax Settlement Acts are unconstitutional as they apply to the Jersey Central, and further contends that certain payments already made should first apply to interest then claimed due, and the balance, if any, to the principal.

It is your company's contention, however, that such payments first applied to principal; that the amount of the principal due on account of the Central Railroad Co. of New Jersey alone totaled not more than $13,438,669, as of December 1, 1940; and that the amount of interest owed is only 3% on the unpaid balance. Proceeding on this basis, the trustees have tendered the state a total of $7,671,874 under the Tax Settlement Acts, of which the state has returned checks totaling $4,094,185 while retaining uncashed certified checks for the remaining $3,577,689. The trustees consider that the checks retained by the state treasurer reduced the maximum principal to $11,006,316, and paid up the interest to December 1, 1943. Unpaid accrued interest on the reduced principal of $11,006,316 at 3% annually from December 1, 1943, to December 31, 1944, without any credit for checks tendered the state treasurer and returned by him to the trustees, amounts to $357,328. Thus the total maximum liability for taxes and interest as of December 31, 1944, is believed to be $11,363,644.63.

The state as of December 31, 1944, claimed an estimated maximum of $29,297,702, including interest, for the years 1932 through 1940. A further statement of the Jersey Central's back-tax situation appears on page 17 of this report.

Additions and Retirements

During 1944 the Jersey Central Lines received and placed in service the ten new Diesel electric switching locomotives, the 1,000 new gondola cars, the 500 new hopper cars and the 100 new flat cars referred to in the last annual report. The 1,600 cars are owned by your company's wholly-owned subsidiary, the Central Railroad Co. of Pennsylvania. No new equipment of this type is now on order, but we are considering the purchase of new road locomotives. The Jersey Central's newest locomotives for road freight service have been in operation for 20 years, and your company's other Mikados are as much as 27 years old. Our passenger locomotives have been in operation from 15 to as long as 45 years, and all equipment naturally has been subject to heavy wartime use.

New thawing pits were installed and placed in operation last winter at Pier 18, Jersey City, in order to help expedite the dumping of coal, which in winter frequently freezes in the cars which transport it from the mines. This entailed a capital charge of $31,785 to December 31, 1944. Other work included such items as $113,695 for heavier rail and other track material; reconstruction of a bridge at Long Valley, N. J.; relocation of tracks; new mechanical equipment; major repairs to our dumpers at Pier 18 and replacement of Float Bridge No. 5 at Jersey City. A detailed list of these projects is shown in the additions and betterments table in the back section of this report.

New car retarders also were installed in 1944 to improve operations in our Allentown, Pa., yard, where we plan to make this year our initial radio installation. This will be in the yard office at the westbound "hump" and on two locomotives working alternately in that section of the yard, and is expected to improve coordination of switching movements. Radio also is being studied to determine whether it could be utilized advantageously at other points on the railroad.

Some of the other items on our 1945 capital expenditures budget provide for improvement of engine terminal facilities at Mauch Chunk, Pa.; installation of new equipment at our Ashley, Pa., shops in order to provide facilities for brake beam repairs now being done by the Reading Railroad; new loud speaker and floodlight systems to improve operations in our main freight and passenger yards; a substantial amount of new machine tools and similar equipment for our various shops; new mechanized equipment to aid in maintenance-of-way and Stores Department operations; various modernizations of signal installations and interlocking plants, principally in conformance with Interstate Commerce Commission regulations, and continuance of our program of head-end lighting for suburban service trains, by which lighting is improved and expenses are reduced through using a locomotive-mounted generator to supply current for the coaches instead of individual car batteries and axle-mounted generators.

Our principal retirements of road property during 1944 were our Atlantic Highlands Pier, mentioned in the first section of this report; and various tracks and comparatively small buildings on our Central and Southern Divisions. These accounted for $832,083 of our road property retirements total of $1,397,329, which compares with a total of $599,026 for the previous year. Since the end of 1944, we have obtained Federal Bankruptcy Court approval for retiring Dock 6½ at Elizabethport, N. J. It has been operated at a loss, and the small amount of coal and slag handled there can be adequately handled at other points on your company's properties. We also are studying the possibility of abandoning some of our branch line mileage where such mileage is being operated at a loss.

Better Performance

Improved operating performance helped us greatly last winter in carrying our share of the wartime transportation burden.

The degree of efficiency of operations on a railroad cannot be determined by a direct comparison of its operating statistics with those of another railroad because of varying physical characteristics, equipment and traffic, but the trend of statistics on the same railroad naturally shows whether operating efficiency is improving or deteriorating. Freight operating statistics in the January 13, February 17 and March 17 issues of *Railway Age*, comparing the months of October, November and December, 1944, with the same months of 1943 for the 51 principal railroads in the United States, show the extent of the Jersey Central's improvement.

The all-inclusive index of freight train efficiency is the gross ton miles per train hour—a component of the train load and the train speed, showing the amount of transportation produced for every hour a freight train is operated. The Jersey Central's improvement for the last quarter of 1944 was 16.54%, compared with an improvement of only 2.11% for all 51 railroads.

The all-inclusive measure of efficiency in the use of freight cars is net ton miles per car day, representing the amount of revenue transportation produced for each day a freight car is on our line. It is a component of the average carload in the case of loaded cars, the ratio of loaded to total car movement, and the average number of miles per day which each car is moved. The Jersey Central's last-quarter improvement over 1943 was 35.19%, while the 51 railroads as a group showed a decrease of 1.94%.

A third principal efficiency index, which depends upon the efficiency of freight train performance but which is influenced by such other factors as the mechanical condition of locomotives and the condition and character of fuel, is the pounds of coal consumed for each 1,000 gross ton miles. Our unit consumption decreased 10.27% for the quarter, compared with an increase of 1.71% on the 51 railroads.

In each of these three key indexes, our improvement over the same quarter of 1943 was greater than that of any other railroad. Taking the three months individually, the Jersey Central's improvement topped that of every other road in all three items each month with one exception, and in that case your company was second.

The improvement was made despite the fact that we operated with the same road locomotives which were in operation the previous year, while many of the other railroads placed in operation new, more powerful and more efficient locomotives than they used a year earlier.

Embargoes

Harassed by dwindling manpower, heavy employe turnover and deteriorating equipment, the Jersey Central and other hard-pressed eastern railroads, bearing the brunt of supply transport for the European war fronts, apprehensively struggled through the wartime traffic winters of 1942-43 and 1943-44 with little to spare. That the railroads managed to get by at all was due to comparatively mild weather and hard and long work by employes and officers alike.

Then it happened. Heavy snowfalls blanketed the east last December and January. The snow was particularly deep along the Great Lakes, and especially at the key gateway of Buffalo, N. Y., where the fall totaled more than 90 inches. Snow drifted up to the car floors and sometimes to the car roofs. Virtually every freight car standing on a track in the Buffalo area was frozen to the rails. They had to be dug out with picks and shovels, one at a time, in persistently low temperatures. Because of the congestion, the Office of Defense Transportation isolated the eastern railroads from the remainder of the nation with a general three-day embargo the weekend of January 27, 1945, and followed on the weekend of February 3 with a four-day embargo which was only slightly less restrictive but did permit loading of coal. There was a third embargo on all less than carload shipments for points in the east, south and midwest for the five days starting March 7.

The first embargo cut off virtually all traffic into the affected area and also stopped loading of freight, including anthracite coal, for points on our own line. Although we were an exception, operations on your railroad were in a fluid condition and as a result we advised the O. D. T. and the Association of American Railroads that we were in a position to continue to handle all freight originating on our own line for points on line, and could also take any traffic other lines were in a position to give us for points on our line. Requesting that the embargo be modified therefore to this extent, we pointed out that any other course would be a waste of manpower and equipment and would unnecessarily handicap shippers and consignees, particularly those of badly-needed anthracite coal. Modification was refused, however, except for coal for our own consumption. At the time of the second and third embargoes our operations also were fluid, and the embargoes were not necessary as far as we were concerned.

Anthracite Coal Rates

An Interstate Commerce Commission examiner, F. L. Sharp, has recommended for the second time that rates on anthracite coal from the Pennsylvania mining regions to railroad piers in the New York Harbor area be reduced 40 cents per ton. The recommendation, made in what is known as the Alden Coal Co. case, is pending before the I. C. C. These New York tidewater rates are the key or basic rates in the anthracite rate structure, and more than 20% of railroad anthracite shipments are made under them.

The case originally was filed June 15, 1937, and was brought by 40 corporations, representing producers of about two-thirds of the Pennsylvania anthracite, against ten principal anthracite-carrying railroads, including the Jersey Central. On November 7, 1942, Examiner Sharp recommended a reduction of 40 cents a ton, but the I. C. C. on October 11, 1943, rejected the reduction by a five-to-four decision. The complainants subsequently reopened the case, principally on the grounds that there was no participation by two of the 11 commissioners, Messrs. Eastman and Rogers who were busy on wartime duties for the Office of Defense Transportation. The examiner on January 10, 1945, recommended for the second time a rate cut of 40 cents a ton, and, after arguments, the next step will be a second I. C. C. decision.

Present rates on Pennsylvania anthracite to New York Harbor's upper piers, including the Jersey Central's busy Pier 18 at Jersey City, are $2.50 per long ton (2,240 pounds) on prepared sizes and $2.38 on pea and smaller sizes. At the Hudson River piers this coal is dumped for transshipment, by barge, to various industries and facilities at innumerable points around the harbor area. As the anthracite railroads have pointed out to the I. C. C., the proposed reduction in these key rates would mean an immediate annual revenue loss of at least $3,400,000, and due to the effect which such a reduction might have on the all-rail rates for track delivery at the same markets, there might be a further annual loss of $2,600,000 to these railroads. The proposed reduction, had it been in effect in 1944, would have decreased the Jersey Central's revenues by $574,857.

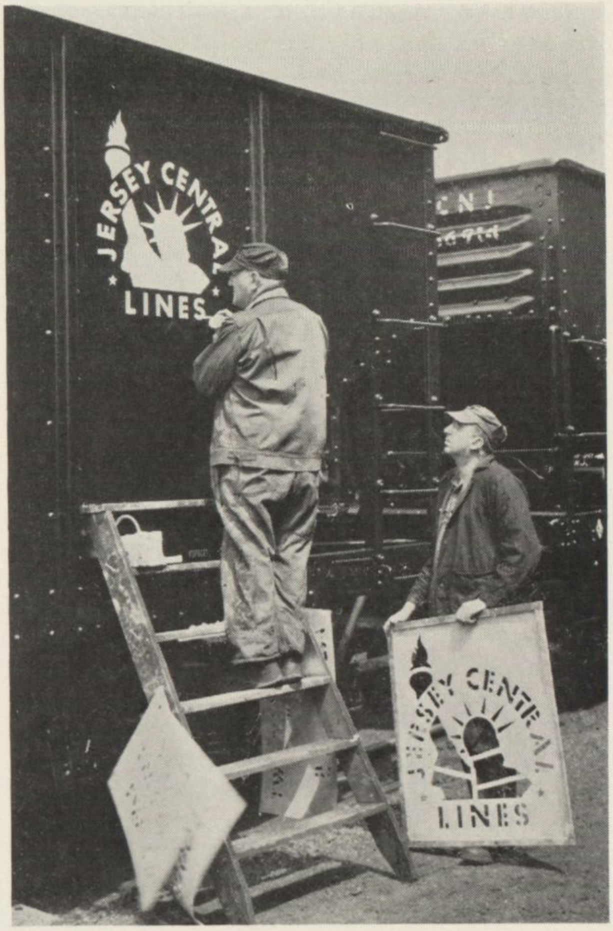
The producers contend that the declining trend in use of anthracite is due to its comparatively high cost to consumers, and that production can be brought to a paying level by offering the fuel at prices which are more attractive when compared with other fuels. During the 1930-35 period, however, the defendants and other railroads made substantial voluntary reductions in anthracite rates to many destinations for the purpose of meeting competition of trucks and of competitive fuels, but no recognizable tonnage increase resulted. By reason of this experience, and since anthracite tonnage to New York tidewater was holding up much better than to other destinations, no reduction was made in the tidewater rates, and the producers' formal complaint to the I. C. C. followed. The object of the rate reduction was to reduce retail prices, the producers stated, but conditions in the anthracite industry have since changed for the better and the industry since then has increased its prices by amounts materially exceeding the entire amount of the freight rates. The increases in price due to increased wage rates payable to anthracite miners far exceed the proposed reduction in freight rates.

Investment Portfolio

This company owned the following United States Government securities on May 1, 1945:

Series	*Interest Rate*	*Maturity Date*	*Par Value*
Treasury Notes			
B—1946	1½%	12/15/46	$1,500,000
A—1947	1½%	9/15/47	125,000
A—1948	1½%	9/15/48	50,000
C—1947	1¼%	9/15/47	1,235,000
C—1947	1¼%	9/15/47	837,000
Treasury Bonds			
1946/1949	3⅛%	6/15/49	605,800
1951/1955	3%	9/15/55	25,000
1955/1960	2⅞%	3/15/60	16,000
1962/1967	2½%	6/15/67	1,050,000
1967/1972	2½%	9/15/72	125,000
1956/1959	2¼%	9/15/59	275,000
1948/1950	2%	3/15/50	22,000
1949/1951	2%	12/15/51	260,000
1950/1952	2%	9/15/52	530,000
1951/1953	2%	9/15/53	3,425,000
1948	1¾%	6/15/48	320,000
Savings Bonds			
G	2½%	5/1/53	50,000
G	2½%	1/1/54	50,000
G	2½%	7/1/54	50,000
G	2½%	1/1/55	100,000
G	2½%	1/1/56	100,000
Certificates of Indebtedness			
H 1945	⅞%	12/1/45	2,500,000
A 1946	⅞%	2/1/46	425,000
C 1946	⅞%	4/1/46	250,000
			$13,925,800

Statue of Liberty Emblem



Peter P. Lauer (on ladder) and Dominick Prete are completing the job of painting the Statue of Liberty emblem on a Jersey Central hopper car at our Ashley, Pa., car shops.

As another part of our modernization program, we have adopted a new Statue of Liberty emblem to replace the old circular symbol which had been used some 30 years, and are modernizing the lettering on our railroad and marine equipment as it goes through our shops for regular repaintings. The Statue of Liberty emblem was adopted because so many of our terminal facilities, including Pier 18, our famous coal dumping facility, are located on the Jersey City waterfront virtually within the shadow of this world-famous symbol. The words "Jersey Central Lines" were substituted for the old "New Jersey Central" because of the increasing importance of the Central Railroad Co. of Pennsylvania in the Jersey Central corporate picture.

The new emblem already is displayed on the 1,600 new freight cars placed in service by the Jersey Central Lines in 1944, and on other freight cars, locomotive tenders, ferryboats, etc., that have been given routine repaintings. Passenger car lettering also has been modernized.

Freight, Passenger Rates

Because of a decline in the Jersey Central's traffic volume, your company's officers took a leading part in asking the Interstate Commerce Commission to restore, effective January 1, 1945, the national freight rate increases of about 4.7% which became effective March 18, 1942, but which have been suspended since May 15, 1943, because of the generally high level of railroad earnings.

However, the I. C. C. continued the suspension until the end of 1945 but refused the Office of Price Administration's request for revocation of the 10% non-commutation passenger fare increases authorized in 1942 and continued since that time, and also declined to make an outright cancellation of the freight rate increases.

"For us to cancel, instead of further suspending, the freight rate increase would have the practical effect of requiring that before any increase could be made effective, a new proceeding must be instituted with further hearing therein to enable a decision to be made as to what increases should be allowed, and upon what traffic they should be placed," the majority found. It is generally expected that the railroads again will ask for restoration of the increases when traffic volume shows signs of a pronounced general decline.

Class Rates

On May 15, 1945, the Interstate Commerce Commission handed down its decision in the proceedings known as Dockets No. 28300 and No. 28310, increasing so-called "class" freight rates by 10% in official, or eastern, territory, in which we operate, and decreasing these same rates by 10% in southern, western trunk line, and southwestern territories. The decision also decreased class rates between official territory and other territories by 10%.

Only about 6% of our carload traffic moves under class rates, although nearly all of our less-than-carload traffic is affected by this decision. The best estimates we can make indicate that on the basis of 1944 gross revenue the immediate effect of this decision on our business would be an increase of about $250,000 on business moving entirely within official territory and a decrease of about $180,000 on business moving between official and other territories, or a net increase in our freight revenue of about $70,000 a year. However, from a long-term point of view this decision is extremely disturbing as it apparently indicates the initiation of a policy to discourage the further development of industry in the eastern and northeastern section of the country and to encourage the further development of industry in other parts of the country, utilizing the country's freight rate structure as a means of bringing this about.

The issue is basically political and it may be that the eastern and northeastern states and the industries located therein will soon make themselves heard in connection with this matter.

Lighterage, Carfloatage Rates

The Jersey Central, in a complaint filed July 3, 1944, appealed to the Interstate Commerce Commission for higher lighterage and carfloatage allowances out of the present joint freight rates, and also asked an order requiring other New York harbor lines to stop accepting the present below-cost allowances for such port delivery services. The dispute is with other railroads, and the amount of the rates paid by shippers is not involved in the complaint, which was brought after your company failed to obtain a reasonable increase by voluntary action of the carriers which are principally affected.

Your company pointed out that the extensive lighterage services it performs at its docks and piers on the Hudson River have been costing an average of more than $3.15 a ton, and its carfloatage services have been costing more than $2.70 a ton, while the customary allowance for each of these services is only 88 cents a ton.

This less-than-cost practice of more than 50 years' standing "is particularly disadvantageous" to such terminating roads as the Jersey Central "which have relatively short hauls on New York harbor traffic, and thus relatively less opportunity to reimburse themselves out of their line haul revenue for their losses arising from inadequate harbor allowances," your company told the I. C. C.

"On the other hand, owing to the long average haul of the longer trunk line carriers of traffic to and from New York, their line haul earnings are sufficient to enable them to absorb the loss on such lighterage or carfloatage service as they themselves perform. Moreover, a large portion of their traffic both originates and is delivered on their respective lines and as to this traffic the separation of the allowance from the line haul revenue is of no significance and in fact is not made.

"These circumstances make it competitively advantageous to the New York harbor lines having a long average haul on harbor business to continue to advocate non-compensatory harbor allowances, thus forcing their short haul competitors such as the debtor to handle their business at a loss, if at all. Defendants participating in the haul of New York harbor business, but not themselves performing harbor service thereon, obviously are not interested in seeing that New York harbor allowances are compensatory."

Establishment of just lighterage and carfloatage rates is one of the key points in successful reorganization of your company, which is ready for the hearing on the complaint and awaits fixing of a date.

Employe Relations

Our 600 officers, principal supervisors and supervisory clerks recently completed a ten-month supervisory training program, which consisted of 39 monthly group meetings at eight locations.

We then started a series of conferences on meanings and interpretations of our working agreements with the 19 labor organizations represented on the Jersey Central, in an effort to reduce grievances, and we hope to follow this with a public relations conference series for all employes who have contacts with the public.

We have succeeded in disposing of a large accumulation of retroactive penalty wage claims arising from asserted violations of working agreements. These claims have been pending for a number of years, and we are working to dispose of the comparatively few which remain.

We have liberalized and standardized employes' pass privileges on the Jersey Central.

In collaboration with the organizations, your management has inaugurated a payroll deduction plan of hospitalization insurance in which approximately 2,800 employes are participating.

We have inaugurated a new Jersey Central magazine, the Coupler, which is under full control of a joint union-management committee except for its budget, and a management reservation that the company has the right to censor editorials.

We also expect to inaugurate soon an employes' suggestion plan, along the general lines of those which have proved successful in other companies.

45 Killed or Missing

Your company regrets to report that as of May 1, 1945, forty-five of its 3,201 employes who have been on leave to the military services had been killed or reported missing in action. Of the 3,201 who entered the services, 229 are known to have been discharged, and 187 have returned to Jersey Central service.

Despite intensive recruitment efforts, your company has been approximately 1,000 workers short of its actual needs. Employment on the Jersey Central, including wholly-owned subsidiaries, averaged about 10,578 during 1944. Generally hard work by the employes and officers who remain enabled your company to carry on successfully as a key cog in the supply system for the European battlefronts. The end of European fighting is generally expected to lighten our wartime burdens to an extent which is not now foreseeable, but we will continue to do all we can to speed our final victory.

William Wyer,
Chief Executive Officer.

Shelton Pitney,
Walter P. Gardner,
Trustees.

GENERAL BALANCE SHEET

ASSETS	December 31, 1944	December 31, 1943	Increase	Decrease
Investments:				
Road and Equipment Property	$152,940,524.32	$153,162,545.62		$ 222,021.30
Improvements on Leased Property	13,607,232.11	13,793,773.29		186,541.18
Donations and Grants	#2,988,960.30	#2,980,676.54		8,283.76
Investment in Transportation Property	$163,558,796.13	$163,975,642.37		$ 416,846.24
Deposits in lieu of Mortgaged Property Sold	853,302.07	755,223.53	$ 98,078.54	
Maintenance Funds	1,250,000.00	592,309.84	657,690.16	
Miscellaneous Physical Property	3,178,650.44	3,182,687.63		4,037.19
Investments in Affiliated Companies,				
Stocks	4,494,151.02	4,494,151.02		
Bonds	2,431,000.00	2,454,000.00		23,000.00
Other Secured Obligations	40,000.00	40,000.00		
Unsecured Notes	700,000.00	700,000.00		
Investment Advances	6,509,253.31	5,150,589.01	1,358,664.30	
Other Investments,				
Stocks	1,603,046.78	1,613,060.06		10,013.28
Bonds	7,573,172.41	7,595,942.57		22,770.16
Reserve for Adjustment of Investment in Securities	#1,855,152.00	#1,855,152.00		
Total	$190,336,220.16	$188,698,454.03	$1,637,766.13	
Current Assets:				
Cash	$ 6,339,699.74	$ 3,971,696.43	$2,368,003.31	
Temporary Cash Investments	711,233.50	250,000.00	461,233.50	
Special Deposits	209,352.02	174,307.74	35,044.28	
Loans and Bills Receivable	130.07	1,330.07		$ 1,200.00
Traffic and Car Service Balances—Debit				
Net Balance Receivable from Agents and Conductors	3,811,762.32	5,947,994.73		2,136,232.41
Miscellaneous Accounts Receivable	13,669,010.89	10,335,465.01	3,333,545.88	
Material and Supplies	4,044,811.92	3,705,497.12	339,314.80	
Interest and Dividends Receivable	76,039.76	77,782.48		1,742.72
Other Current Assets	115,267.21	139,851.12		24,583.91
Total	$ 28,977,307.43	$ 24,603,924.70	$4,373,382.73	
Deferred Assets:				
Working Fund Advances	$ 131,214.27	$ 115,933.77	$ 15,280.50	
Insurance and Other Funds	1,067,434.01	981,403.60	86,030.41	
Other Deferred Assets	565,182.45	508,584.81	56,597.64	
Total	$ 1,763,830.73	$ 1,605,922.18	$ 157,908.55	
Unadjusted Debits:				
Rents and Insurance Premiums Paid in Advance	$ 53,982.49	$ 85,776.71		$ 31,794.22
Other Unadjusted Debits	1,837,048.10	1,527,247.79	$ 309,800.31	
Securities Issued or Assumed—Unpledged Ⓧ	1,267,000.00	1,267,000.00		
Total	$ 3,158,030.59	$ 2,880,024.50	$ 278,006.09	
Grand Total	$224,235,388.91	$217,788,325.41	$6,447,063.50	

# Denotes credit.

Ⓧ In Company's treasury.

GENERAL BALANCE SHEET

LIABILITIES	December 31, 1944	December 31, 1943	Increase	Decrease
Stock:				
Capital Stock,				
Common—Authorized............ $30,000,000.00				
Not Issued........... 2,563,200.00				
Outstanding........................	$ 27,436,800.00	$ 27,436,800.00		
Long Term Debt:				
Funded Debt Unmatured:				
Equipment Obligations with Public..............	$ 1,859,927.44	$ 1,806,761.84	$ 53,165.60	
Mortgage Bonds in Co's Treasury................	1,267,000.00	1,267,000.00		
Mortgage Bonds with Public....................	48,731,000.00	48,731,000.00		
Amounts Payable to Affiliated Companies.........		837.57		837.57
Total....................................	$ 51,857,927.44	$ 51,805,599.41	$ 52,328.03	
Current Liabilities:				
Traffic and Car Service Balances—Credit...........	$ 5,209,294.69	$ 3,803,584.53	$1,405,710.16	
Audited Accounts and Wages Payable..............	3,445,412.12	5,537,886.34		$2,092,474.22
Miscellaneous Accounts Payable..................	22,146.82	145,599.90		123,453.08
Interest Matured Unpaid........................	3,407.21	20.00	3,387.21	
Dividends Matured Unpaid......................	49,324.50	49,324.50		
Unmatured Rents Accrued.......................	7,871.25	7,871.25		
Accrued Tax Liability ▼.........................	3,934,855.90	3,772,036.93	162,818.97	
Other Current Liabilities........................	663,285.19	623,786.22	39,498.97	
Total....................................	$ 13,335,597.68	$ 13,940,109.67		$ 604,511.99
Deferred Liabilities:				
Interest in default..............................	$ 14,335,303.75	$ 11,948,653.75	$2,386,650.00	
Other Deferred Liabilities ▼......................	9,273,178.32	9,934,952.66		$ 661,774.34
Total....................................	$ 23,608,482.07	$ 21,883,606.41	$1,724,875.66	
Unadjusted Credits:				
Insurance and Casualty Reserves..................	$ 964,951.07	$ 878,860.66	$ 86,090.41	
Maintenance Reserve............................	1,249,472.79	590,320.00	659,152.79	
Accrued Amortization of Defense Projects—Road....	154,026.73	55,443.61	98,583.12	
Accrued Depreciation—Road and Equipment.......	34,331,260.26	32,718,140.66	1,613,119.60	
Accrued Amortization of Defense Projects—Equipment...	3,199,136.18	1,817,657.71	1,381,478.47	
Other Unadjusted Credits ▼......................	3,391,899.66	2,448,634.91	943,264.75	
Accrued Depreciation—Leased Property...........	181,401.19		181,401.19	
Total....................................	$ 43,472,147.88	$ 38,509,057.55	$4,963,090.33	
Surplus:				
Earned Surplus Appropriated.....................	$ 63,676,735.81	$ 64,322,607.97		$ 645,872.16
Earned Surplus Unappropriated..................	847,698.03	ⓧ 109,455.60	$ 957,153.63	
Total....................................	$ 64,524,433.84	$ 64,213,152.37	$ 311,281.47	
Grand Total............................	$224,235,388.91	$217,788,325.41	$6,447,063.50	

ⓧ Denotes debit. ▼ Refer to page 17 for contingent tax liability statement, an integral part of this table.

CONTINGENT TAX LIABILITY STATEMENT

(An integral part of the General Balance Sheet on page 16)

INCLUDED in the item "Accrued Tax Liability" is the amount of $2,015,800.38 and in the item "Other Deferred Liabilities" is the amount of $9,132,157.03, or a total of $11,147,957.41, being the principal amount of New Jersey state taxes which are shown on the company's books remaining unpaid for the years 1932 to 1940, inclusive. In the item "Other Unadjusted Credits" there is included an item of $371,790.90, representing interest on taxes owing to the State of New Jersey for said years. Thus the total amount of items included in the balance sheet for New Jersey state taxes and interest on the properties of The Central Railroad Co. of New Jersey for the years 1932 to 1940, inclusive, is $11,519,748.31.

In its original proof of claim No. 38 dated Dec. 10, 1940, the State of New Jersey claimed for the years 1932 to 1939, inclusive, taxes on the properties of The Central Railroad Co. of New Jersey of $12,117,450.68 plus interest of $7,732,339.53 to Dec. 1, 1940 and interest thereafter at the rate of one per cent monthly until the date of payment. All of these items were contested by the trustees. The state also claims for the year 1940 taxes of $1,321,285.27 with monthly interest at one per cent from Dec. 1, 1940. The total principal amounts originally claimed by the state as unpaid for the years 1932 to 1940, inclusive, was thus $13,438,735.95.

Before any determination had been made by the New Jersey courts as to the debtor's tax liability for the years 1937, 1938, 1939, and 1940, the New Jersey Legislature enacted Chapter 290 of the laws of New Jersey of 1941 as amended by Chapter 241 of the laws of 1942, known as the Tax Settlement Acts. Under these acts, the Central, as well as other railroads, was permitted to pay the principal (plus interest at 3 per cent per annum from Dec. 1, 1940) over a period of years (in the Central's case, 20 years), the state waiving any right to the accrued interest penalties. Pursuant to court order, the trustees took all necessary steps to comply with the acts and have continued to comply with them.

They have tendered to the state treasurer certified checks totalling $3,577,689.52, such tenders being in excess of the required annual installments under the Tax Settlement Acts for the years 1941, 1942, and 1943, plus 3 per cent interest on the unpaid balances for each of said years. These certified checks have been retained by the state treasurer but have not been cashed by him. They are not contained in the trustees' cash balance reported above, and the obligations attempted to be discharged thereby do not appear among the trustees' liabilities.

The trustees also tendered to the state treasurer a certified check for $1,015,000, an amount exceeding the annual installment plus 3 per cent interest pursuant to the Tax Settlement Acts for the year 1944, the latter check being returned by the state treasurer to the trustees.

In anticipation of future installments due under the Tax Settlement Acts, the trustees on Jan. 2, 1945, pursuant to court order, tendered to the state treasurer two additional certified checks in the amounts of $1,244,632.25 and $1,834,552.69. Neither of these checks was cashed, and both were returned to the trustees.

As a result of a civil information suit brought by the attorney general of New Jersey in the New Jersey Courts in 1941, those courts have, under a recent dceision, declared the Tax Settlement Acts unconstitutional.

In supplemental and amended objections to the state's proof of claim, the trustees are contending that the state courts' decision as to the validity of the Tax Settlement Acts is not binding on them and that the maximum amount they are required to pay for the years 1932 to 1940, inclusive, on account of the properties of the Jersey Central, is the amount necessary for compliance with the Tax Settlement Acts, to wit, a total amount of $13,438,669.19, plus interest at 3 per cent to the dates of payment. (This figure differs by $66.76 from the heretofore stated total claimed by the state because of a minor adjustment in 1937 taxes.) The trustees consider that, by reason of the tenders of the checks which are still in the hands of the state treasurer, as referred to previously, all such interest has been paid to Dec. 1, 1943, and that the maximum principal of taxes remaining unpaid as of Dec. 1, 1943, has been reduced to $11,006,316.28. Unpaid accrued interest thereon at 3% annually from Dec. 1, 1943, to Dec. 31, 1944, without any credit by reason of checks tendered to the state treasurer and returned by him to the trustees, amounts to $357,328.35. The total maximum liability for taxes and interest as of Dec. 31, 1944, is thus believed to be $11,363,644.63, without taking into account the tenders of checks returned by the state treasurer.

This differs from the total liability set up on the trustees' books (i.e. $11,519,748.31) primarily because the book figure includes $126,042.40 added to the original assessment for 1939 by the Board of Tax Appeals after the trustees had complied with the Settlement Acts. The trustees consider this increase was illegal, but in accordance with good accounting practice, it is believed it should be reflected on the books. The remaining difference is accounted for by miscellaneous adjustments.

On Dec. 12, 1944, the state filed a reply to the trustees' supplemental and amended objections, setting up a contingent claim indicating that, under certain circumstances, the taxes claimed due for the years 1932 to 1939, inclusive, would amount to $14,140,887.53 with interest penalties of $12,626,173.50 computed to Sept. 1, 1944, making a total of $26,767,061.03. This figure is based on the contention that certain payments heretofore made on account of principal should have been applied to interest penalties. In computing the above figures, the state does not give credit for the $3,577,689.52 tendered in compliance with the Settlement Acts in the four certified checks, retained but not cashed by the state treasurer. Neither does the above figure of $26,767,061.03 include the previously mentioned taxes claimed for 1940, and the interest penalties alleged to have accrued thereon.

The estimated maximum amount, including interest penalties (computed to Dec. 31, 1944) claimed by the state for the years 1932 to 1940, inclusive, is $29,297,702.44, from which, in order to get a figure comparable with what the trustees believe is owed, should be deducted the checks still held by the state treasurer in the amount of $3,577,689.52, leaving a balance claimed due of $25,720,012.92.

None of the previously mentioned figures includes the principal amount of taxes alleged (in State's Reply of Dec. 12, 1944, to Trustees' Supplemental and Amended Objections above referred to) to be due from certain subsidiary and affiliated companies (Dover & Rockaway R. R. Co., Ogden Mine R. R. Co., New York & Long Branch R. R. Co., and Bay Shore Connecting R. R. Co.) amounting in the aggregate to $355,007.41, nor interest claimed by the state to have accrued on said principal taxes to Sept. 1, 1944, amounting to $303,182.47 and thereafter until paid at the rate of one per cent per month.

Neither do the above figures showing tenders pursuant to the Settlement Acts reflect the tenders made by or in behalf of said affiliated and subsidiary companies, which tenders covered principal and interest in full, pursuant to the Tax Settlement Acts.

PROFIT AND LOSS

Debit Balance December 31, 1943	$109,455.60	
Surplus Appropriated for Investment in Physical Property	111,762.90	
Miscellaneous Debits	21,676.60	
Total Debits		$ 242,895.10
Credit Balance transferred from Income	$217,931.66	
Miscellaneous Credits	872,661.47	
Total Credits		$1,090,593.13
Credit Balance December 31, 1944		$ 847,698.03

LONG TERM DEBT

MORTGAGE BONDS

	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest	
						Due	Charged to Income during the year
Coupon 5%	July 1, 1887	July 1, 1987	$17,659,000.00	$ 1,133,000.00	$16,526,000.00	Jan. and July	$ 826,300.00
Registered 5%	July 1, 1887	July 1, 1987	27,339,000.00	124,000.00	27,215,000.00	Jan., April July and Oct.	1,360,750.00
Coupon 4%	Jan. 1, 1928	July 1, 1987	4,654,000.00	10,000.00	4,644,000.00	Jan. and July	185,760.00
Registered 4%	Jan. 1, 1928	July 1, 1987	346,000.00		346,000.00	Jan., April July and Oct.	13,840.00
Total			$49,998,000.00	$ 1,267,000.00	$48,731,000.00		$ 2,386,650.00

EQUIPMENT OBLIGATIONS

CONDITIONAL PURCHASE CONTRACTS

$2\frac{3}{8}\%$	June 1, 1942	June 1, 1947	$ 2,581,088.00		$ 1,290,544.40	Monthly	$ 36,269.76
$1\frac{3}{4}\%$	May 1, 1944	April 1, 1949	62,800.00		54,426.32	Monthly	2,985.59
$1\frac{3}{4}\%$	June 1, 1944	May 1, 1949	125,600.00		110,945.96	Monthly	
$1\frac{3}{4}\%$	Sept. 1, 1944	Aug. 1, 1949	125,600.00		115,132.60	Monthly	
$1\frac{3}{4}\%$	Aug. 1, 1944	July 1, 1949	251,200.00		230,265.20	Monthly	2,372.63
$1\frac{3}{4}\%$	Sept. 1, 1944	Aug. 1, 1949	62,800.00		58,612.96	Monthly	
Total			$ 3,209,088.00		$ 1,859,927.44		$ 41,627.98
Grand Total Long Term Debt			$53,207,088.00	$ 1,267,000.00	$50,590,927.44		$ 2,428,277.98

INCOME ACCOUNT

	1944	1943	Increase or Decrease	
			Amount	Per Cent
Freight—Merchandise	$32,867,878.70	$35,189,420.15	*$2,321,541.45	* 6.60
Bituminous Coal	5,586,000.00	5,539,000.00	47,000.00	.85
Anthracite	11,111,000.00	10,660,000.00	451,000.00	4.23
Passenger	7,505,467.97	8,025,152.04	* 519,684.07	* 6.48
Baggage	2,579.96	2,396.49	183.47	7.66
Parlor and Chair Car	18,161.39	17,180.94	980.45	5.71
Mail	308,215.28	302,617.41	5,597.87	1.85
Express	978,598.34	904,750.40	73,847.94	8.16
Other Passenger—Train	49,803.66	61,296.65	* 11,492.99	* 18.75
Milk	4,332.63	14,516.49	* 10,183.86	* 70.15
Switching	43,824.14	45,465.43	* 1,641.29	* 3.61
Water Transfer—Freight	2,122.48	3,211.81	* 1,089.33	* 33.92
Water Transfer—Passenger	223,627.30	191,024.01	32,603.29	17.07
Water Transfer—Vehicles and Live Stock	256,534.88	268,422.50	* 11,887.62	* 4.43
Water Transfer—Other	5,784.43	6,368.97	* 584.54	* 9.18
Dining and Buffet	74,203.75	66,948.95	7,254.80	10.84
Hotel and Restaurant	299,588.98	299,224.61	364.37	.12
Station and Train Privileges	169,479.01	150,978.95	18,500.06	12.25
Parcel Room	8,639.50	9,393.90	* 754.40	* 8.03
Storage—Freight	118,268.90	254,162.21	* 135,893.31	* 53.47
Storage—Baggage	729.80	787.80	* 58.00	* 7.36
Demurrage	372,188.82	310,881.48	61,307.34	19.72
Telegraph and Telephone	7,786.51	7,705.25	81.26	1.05
Rents of Buildings and Other Property	144,963.86	148,472.09	* 3,508.23	* 2.36
Miscellaneous	622,932.53	479,484.49	143,448.04	29.92
Joint Facility—Cr.	16,213.79	18,643.32	* 2,429.53	* 13.03
Joint Facility—Dr.	2,540.69	2,637.11	96.42	3.66
Total Operating Revenues	$60,796,385.92	$62,974,869.23	*$2,178,483.31	* 3.46
MAINTENANCE OF WAY AND STRUCTURES ROADWAY AND TRACK				
Roadway Maintenance	$ 472,998.67	$ 392,410.19	$ 80,588.48	20.54
Ties	423,923.89	323,697.07	100,226.82	30.96
Rails	222,141.79	206,890.66	15,251.13	7.37
Other Track Material	456,389.34	427,980.54	28,408.80	6.64
Ballast	69,471.00	84,018.87	* 14,547.87	* 17.32
Track Laying and Surfacing	1,443,996.19	1,257,265.27	186,730.92	14.85
Fences, Snowsheds and Signs	8,579.20	11,289.10	* 2,709.90	* 24.00
Roadway Machines	32,386.21	20,042.09	12,344.12	61.59
Small Tools and Supplies	42,166.88	34,984.94	7,181.94	20.53
Removing Snow, Ice and Sand	192,862.73	145,544.03	47,318.70	32.51
Total	$ 3,364,915.90	$ 2,904,122.76	$ 460,793.14	15.87
BRIDGES AND STRUCTURES				
Tunnels and subways	$ 12,003.82	$ 9,702.96	$ 2,300.86	23.71
Bridges, Trestles and Culverts	144,356.08	267,881.85	* 123,525.77	* 46.11
Station and Office Buildings	357,886.15	320,473.90	37,412.25	11.67
Roadway Buildings	4,220.08	4,927.18	* 707.10	* 14.35
Water Stations	45,069.72	41,984.13	3,085.59	7.35
Fuel Stations	31,699.04	28,043.22	3,655.82	13.04
Shops	129,585.63	95,392.48	34,193.15	35.84
Enginehouses	133,990.36	109,593.51	24,396.85	22.26
Wharves and Docks	261,646.04	484,196.05	* 222,550.01	* 45.96
Coal and Ore Wharves	203,068.42	299,264.01	* 96,195.59	* 32.14
Power Plants	23,024.16	18,932.75	4,091.41	21.61
Power—Transmission Systems	37,326.42	27,519.29	9,807.13	35.64
Miscellaneous Structures	115.86	198.44	* 82.58	* 41.61
Total	$ 1,383,991.78	$ 1,708,109.77	*$ 324,117.99	* 18.98
OTHER				
Superintendence	$ 398,655.76	$ 325,174.88	$ 73,480.88	22.60
Telegraph and Telephone Lines	32,268.20	29,891.95	2,376.25	7.95
Signals and Interlockers	536,488.12	480,159.48	56,328.64	11.73
Public Improvements—Maintenance	31,504.78	47,625.00	* 16,120.22	* 33.85
Injuries to Persons	14,213.09	69,213.75	* 55,000.66	* 79.46
Insurance	56,522.82	82,651.00	* 26,128.18	* 31.61
Stationery and Printing	5,600.51	4,026.66	1,573.85	39.09
Other Expenses	# 242,848.33	337,443.47	* 580,291.80	* 171.97
Right-of-Way Expenses	—	288.15	* 288.15	
Total	$ 832,404.95	$ 1,376,474.34	*$ 544,069.39	* 39.53

# Denotes credit.   * Denotes decrease.

INCOME ACCOUNT . . . Continued

	1944	1943	Increase or Decrease	
			Amount	Per Cent
RETIREMENTS, DEPRECIATION AND RESERVES				
Road Property—Depreciation	$ 898,521.66	$ 909,861.39	*$ 11,339.73	* 1.25
Retirements—Road	769,501.22	—	769,501.22	
Deferred Maintenance—Way and Structures	591,902.79	590,320.00	1,582.79	.27
Dismantling Retired Road Property	32,731.81	13,886.05	18,845.76	135.72
Road—Amortization of Defense Projects	103,115.43	48,743.69	54,371.74	111.55
Total	$ 2,395,772.91	$ 1,562,811.13	$ 832,961.78	53.30
JOINT FACILITIES				
Maint. Jt. Trks., Yds., and Other Facil.—Dr.	$ 462,328.59	$ 414,084.58	$ 48,244.01	11.65
Maint. Jt. Trks., Yds., and Other Facil.—Cr.	198,341.08	209,636.79	11,295.71	5.39
Total	$ 263,987.51	$ 204,447.79	$ 59,539.72	29.12
Total Maintenance of Way and Structures	$ 8,241,073.05	$ 7,755,965.79	$ 485,107.26	6.25
MAINTENANCE OF EQUIPMENT DIRECT EXPENSES				
Superintendence	$ 274,782.09	$ 296,141.79	*$ 21,359.70	* 7.21
Shop Machinery	137,334.55	136,451.44	883.11	.65
Power-Plant Machinery	178,334.39	148,767.20	29,567.19	19.87
Steam Locomotives—Repairs, Classified	1,256,724.74	1,209,105.27	47,619.47	3.94
Steam Locomotives—Repairs, Running	2,591,561.41	2,234,190.98	357,370.43	16.00
Steam Locomotives—Repairs, Total	3,848,286.15	3,443,296.25	404,989.90	11.76
Other Locomotives—Repairs	119,978.08	86,833.45	33,144.63	38.17
Freight-Train Cars—Repairs	2,188,532.57	1,721,959.62	466,572.95	27.10
Passenger-Train Cars—Repairs	829,155.70	769,156.15	59,999.55	7.80
Floating Equipment—Repairs	756,724.88	719,923.33	36,801.55	5.11
Work Equipment—Repairs	114,836.91	98,492.08	16,344.83	16.60
Miscellaneous Equipment—Repairs	4,403.08	3,526.44	876.64	24.86
Injuries to Persons	74,962.62	49,895.86	25,066.76	50.24
Insurance	75,980.52	99,078.84	* 23,098.32	* 23.31
Stationery and Printing	8,836.18	14,068.89	* 5,232.71	* 37.19
Other Expenses	# 476,867.75	479,473.61	* 956,341.36	* 199.46
Total	$ 8,135,279.97	$ 8,067,064.95	$ 68,215.02	.85
RETIREMENTS, DEPRECIATION AND RESERVES				
Shop and Power-Plant Machinery—Depreciation	$ 79,787.92	$ 84,404.14	*$ 4,616.22	* 5.47
Dismantling Retired Shop and Power-Plant Machinery	212.01	—	212.01	
Dismantling Retired Equipment	1,596.22	299.28	1,296.94	433.35
Equipment—Depreciation	1,373,998.53	1,377,419.01	* 3,420.48	* .25
Equipment—Amortization of Defense Projects	1,389,749.46	1,297,906.14	91,843.32	7.08
Deferred Maintenance—Equipment	67,250.00	—	67,250.00	
Extraordinary Retirements—Equipment	# 1,286.26	—	* 1,286.26	
Total	$ 2,911,307.88	$ 2,760,028.57	$ 151,279.31	5.48
JOINT FACILITIES				
Joint Maintenance of Equipment Expenses—Dr.	$ 4,575.78	$ 4,816.23	*$ 240.45	* 4.99
Joint Maintenance of Equipment Expenses—Cr.	77,996.30	77,060.03	* 936.27	* 1.21
Total	#$ 73,420.52	#$ 72,243.80	*$ 1,176.72	* 1.63
Total Maintenance of Equipment	$10,973,167.33	$10,754,849.72	$ 218,317.61	2.03
TRAFFIC				
Superintendence	$ 314,982.62	$ 252,710.55	$ 62,272.07	24.64
Outside Agencies	279,069.93	204,134.63	74,935.30	36.71
Advertising	31,006.79	61,770.04	* 30,763.25	* 49.80
Traffic Associations	23,108.93	21,061.25	2,047.68	9.72
Insurance	322.34	333.79	* 11.45	* 3.43
Stationery and Printing	33,455.13	31,561.94	1,893.19	6.00
Other Expenses	# 29,697.98	31,784.00	* 61,481.98	* 193.44
Total Traffic	$ 652,247.76	$ 603,356.20	$ 48,891.56	8.10
TRANSPORTATION SUPERVISING TRANSPORTATION				
Superintendence	$ 421,019.29	$ 453,193.72	*$ 32,174.43	* 7.10
Dispatching Trains	163,370.15	113,475.02	49,895.13	43.97
Total	$ 584,389.44	$ 566,668.74	$ 17,720.70	3.13

# Denotes credit.   * Denotes decrease.

INCOME ACCOUNT...Continued

	1944	1943	Increase or Decrease	
			Amount	Per Cent
STATION SERVICE				
Station Employes	$ 3,306,786.47	$ 2,636,915.10	$ 669,871.37	25.40
Weighing, Inspection and Demurrage Bureaus	21,750.04	18,358.11	3,391.93	18.48
Coal and Ore Wharves	427,112.87	357,233.41	69,879.46	19.56
Station Supplies and Expenses	403,837.74	465,709.78	* 61,872.04	* 13.29
Total	$ 4,159,487.12	$ 3,478,216.40	$ 681,270.72	19.59
YARD SERVICE				
Yardmasters and Yard Clerks	$ 791,533.41	$ 671,303.60	$ 120,229.81	17.91
Yard Conductors and Brakemen—Freight	2,001,402.90	1,846,538.96	154,863.94	8.39
Yard Conductors and Brakemen—Passenger	194,433.72	173,169.72	21,264.00	12.28
Yard Conductors and Brakemen—Total	2,195,836.62	2,019,708.68	176,127.94	8.72
Yard Switch and Signal Tenders	104,291.08	83,466.84	20,824.24	24.95
Yard Enginemen—Freight	881,966.61	882,100.23	* 133.62	* .02
Yard Enginemen—Passenger	76,683.60	90,570.79	* 13,887.19	* 15.33
Yard Enginemen—Total	958,650.21	972,671.02	* 14,020.81	* 1.44
Yard Motormen—Freight	398,559.12	298,075.27	100,483.85	33.71
Yard Motormen—Passenger	22,826.82	6,550.47	16,276.35	248.48
Yard Motormen—Total	421,385.94	304,625.74	116,760.20	38.33
Yard Switching Fuel	611,811.40	581,968.15	29,843.25	5.13
Water for Yard Locomotives	36,576.86	36,343.43	233.43	.64
Lubricants for Yard Locomotives	21,033.16	18,979.19	2,053.97	10.82
Other Supplies for Yard Locomotives	6,168.30	5,958.75	209.55	3.52
Enginehouse Expenses—Yard	243,409.04	192,421.93	50,987.11	26.50
Yard Supplies and Expenses	42,444.65	40,858.90	1,585.75	3.88
Oper. Jt. Yards and Terminals—Dr.	72,866.91	63,995.90	8,871.01	13.86
Oper. Jt. Yards and Terminals—Cr.	608,164.33	574,914.57	* 33,249.76	* 5.78
Total	$ 4,897,843.25	$ 4,417,387.56	$ 480,455.69	10.88
ROAD ENGINE SERVICE				
Train Enginemen—Freight	$ 1,756,891.98	$ 1,765,405.52	*$ 8,513.54	* .48
Train Enginemen—Passenger	801,409.80	779,889.45	21,520.35	2.76
Train Enginemen—Total	2,558,301.78	2,545,294.97	13,006.81	.51
Train Motormen—Freight	771.53	17,775.48	* 17,003.95	* 95.66
Train Motormen—Passenger	6,248.03	3,551.03	2,697.00	75.95
Train Motormen—Total	7,019.56	21,326.51	* 14,306.95	* 67.09
Train Fuel—Freight	2,785,223.53	2,716,299.04	68,924.49	2.54
Train Fuel—Passenger	1,220,622.57	1,089,928.11	130,694.46	11.99
Train Fuel—Total	4,005,846.10	3,806,227.15	199,618.95	5.24
Water for Train Locomotives	234,174.27	228,178.61	5,995.66	2.63
Lubricants for Train Locomotives	75,994.41	74,757.33	1,237.08	1.65
Other Supplies for Train Locomotives	39,602.57	36,790.66	2,811.91	7.64
Enginehouse Expenses—Train	1,025,166.64	789,918.87	235,247.77	29.78
Total	$ 7,946,105.33	$ 7,502,494.10	$ 443,611.23	5.91
TRAIN SERVICE				
Trainmen—Freight	$ 1,745,195.05	$ 1,762,607.47	*$ 17,412.42	* .99
Trainmen—Passenger	1,177,591.26	948,467.33	229,123.93	24.16
Trainmen—Total	2,922,786.31	2,711,074.80	211,711.51	7.81
Train Supp. and Expenses—Ashley Planes	404,781.45	351,035.92	53,745.53	15.31
Train Supp. and Expenses—Other	976,048.38	822,014.45	154,033.93	18.74
Train Supp. and Expenses—Total	1,380,829.83	1,173,050.37	207,779.46	17.71
Total	$ 4,303,616.14	$ 3,884,125.17	$ 419,490.97	10.80
CASUALTIES				
Clearing Wrecks	$ 36,045.11	$ 33,914.87	$ 2,130.24	6.28
Damage to Property	57,486.41	11,359.51	46,126.90	406.06
Damage to Live Stock on Right of Way	27.62	—	27.62	
Loss and Damage—Freight	148,995.11	146,046.15	2,948.96	2.02
Loss and Damage—Baggage	595.02	21.88	573.14	
Injuries to Persons	408,378.50	364,320.49	44,058.01	12.09
Total	$ 651,527.77	$ 555,662.90	$ 95,864.87	17.25

* Denotes decrease.

INCOME ACCOUNT...Continued

	1944	1943	Increase or Decrease	
			Amount	Per Cent
MISCELLANEOUS				
Signal and Interlocker Operation	$ 565,995.52	$ 486,068.51	$ 79,927.01	16.44
Crossing Protection	387,324.16	303,837.43	83,486.73	27.48
Drawbridge Operation	83,845.45	93,979.05	* 10,133.60	* 10.78
Telegraph and Telephone Operation	98,583.49	76,638.09	21,945.40	28.64
Operating Floating Equipment	1,844,151.50	2,042,283.28	* 198,131.78	* 9.70
Stationery and Printing	70,649.94	73,838.62	* 3,188.68	* 4.32
Other Expenses	# 1,187,596.37	1,414,428.20	* 2,602,024.57	* 183.96
Oper'g Joint Tracks and Facilities—Dr.	473,660.00	453,659.36	20,000.64	4.41
Oper'g Joint Tracks and Facilities—Cr.	60,704.37	55,541.25	* 5,163.12	* 9.30
Insurance	132,839.61	112,759.87	20,079.74	17.81
Total	$ 2,408,748.93	$ 5,001,951.16	*$2,593,202.23	* 51.84
Total Transportation	$24,951,717.98	$25,406,506.03	*$ 454,788.05	* 1.79
MISCELLANEOUS OPERATIONS				
Dining and Buffet Service	$ 100,787.91	$ 89,789.90	$ 10,998.01	12.25
Hotels and Restaurants	246,716.27	245,256.64	1,459.63	.60
Total Miscellaneous Operations	$ 347,504.18	$ 335,046.54	$ 12,457.64	3.72
GENERAL				
Salaries and Exp. of General Officers	$ 196,303.68	$ 157,230.55	$ 39,073.13	24.85
Salaries and Exp. of Clerks and Attendants	1,038,675.67	621,123.22	417,552.45	67.23
General Office Supplies and Expenses	80,458.32	52,793.14	27,665.18	52.40
Law Expenses	226,580.35	252,681.79	* 26,101.44	* 10.33
Insurance	653.24	1,049.56	* 396.32	* 37.76
Pensions	52,586.61	39,314.61	13,272.00	33.76
Stationery and Printing	41,192.44	24,986.39	16,206.05	64.86
Valuation Expenses	1,775.93	3,114.77	* 1,338.84	* 42.98
Other Expenses	9,974.48	131,886.00	* 121,911.52	* 92.44
General Joint Facilities—Dr.	20,042.33	22,553.18	* 2,510.85	* 11.13
General Joint Facilities—Cr.	1,103.68	1,368.69	265.01	19.36
Total General	$ 1,667,139.37	$ 1,305,364.52	$ 361,774.85	27.71
Total Operating Expenses	$46,832,849.67	$46,161,088.80	$ 671,760.87	1.46
Net Revenue from Railway Operations	$13,963,536.25	$16,813,780.43	*$2,850,244.18	* 16.95
Railway Tax Accruals:				
New Jersey Property	$ 2,402,040.51	$ 2,349,189.42	$ 52,851.09	2.24
New Jersey Franchise	1,006,709.70	2,893,760.93	* 1,887,051.23	* 65.21
Federal Income	734,521.82	1,210,000.00	* 475,478.18	* 39.30
Pay Rolls	1,775,205.03	1,757,933.05	17,271.98	.98
Other	108,773.57	185,344.25	* 76,570.68	* 41.31
Total Taxes	$ 6,027,250.63	$ 8,396,227.65	*$2,368,977.02	* 28.21
Hire of Equipment—Cr.:				
Freight Cars	$ 3,599,051.52	$ 3,326,219.58	$ 272,831.94	8.20
Locomotives	61,374.72	78,691.81	* 17,317.09	* 22.01
Passenger-Train Cars	263,714.46	200,528.32	63,186.14	31.51
Floating Equipment	8,849.82	32,216.17	* 23,366.35	* 72.53
Work Equipment	15,222.80	16,920.95	* 1,698.15	* 10.04
Total	3,948,213.32	3,654,576.83	293,636.49	8.03
Hire of Equipment—Dr.:				
Freight Cars	$ 6,556,131.41	$ 6,051,067.08	$ 505,064.33	8.35
Locomotives	68,873.21	64,779.65	4,093.56	6.32
Passenger-Train Cars	224,237.68	225,204.80	* 967.12	* .43
Floating Equipment	205,470.61	237,912.11	* 32,441.50	* 13.64
Work Equipment	3,245.61	1,446.67	1,798.94	124.35
Total	7,057,958.52	6,580,410.31	477,548.21	7.26
Hire of Equipment—Net	†$ 3,109,745.20	†$ 2,925,833.48	*$ 183,911.72	* 6.29
Joint Facility Rent Income	$ 321,005.75	$ 314,835.65	$ 6,170.10	1.96
Joint Facility Rents	651,054.24	615,954.96	35,099.28	5.70
Joint Facility Rents—Net	†$ 330,048.49	†$ 301,119.31	*$ 28,929.18	* 9.61
Net Railway Operating Income	$ 4,496,491.93	$ 5,190,599.99	*$ 694,108.06	* 13.37

# Denotes credit. † Denotes debit. * Denotes decrease.

INCOME ACCOUNT...Continued

	1944	1943	Increase or Decrease	
			Amount	Per Cent
NON-OPERATING INCOME				
Income from Lease of Road and Equipment	$ 84,767.09	—	$ 84,767.09	
Miscellaneous Rent Income	259,696.54	$ 293,807.31	* 34,110.77	* 11.61
Miscellaneous Nonoper'g Phys. Property	85,442.48	94,088.20	* 8,645.72	* 9.19
Separately Operated Properties—Profit	4,495.59	6,179.21	* 1,683.62	* 27.25
Dividend Income	302,052.00	71,056.67	230,995.33	325.09
Income from Funded Securities	250,752.56	305,679.70	* 54,927.14	* 17.97
Income from Unfunded Sec. and Accounts	41,342.82	42,615.05	* 1,272.23	* 2.99
Income from Sink'g and Other Res. Funds	27,010.38	25,948.89	1,061.49	4.09
Miscellaneous Income	296.45	551.04	* 254.59	* 46.20
Total Income	$ 5,552,347.84	$ 6,030,526.06	*$ 478,178.22	* 7.93
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous Rents	$ 4,641.84	$ 4,943.04	*$ 301.20	* 6.09
Miscellaneous Tax Accruals	127,384.46	126,631.85	752.61	.59
Separately Operated Properties—Loss	—	1,888.37	* 1,888.37	
Maintenance of Investment Organization	225.00	225.00	—	—
Miscellaneous Income Charges	49,611.98	1,650.00	47,961.98	
Total	$ 181,863.28	$ 135,338.26	$ 46,525.02	34.38
Available for Fixed Charges	$ 5,370,484.56	$ 5,895,187.80	*$ 524,703.24	* 8.90
FIXED CHARGES				
Rent for Leased Roads and Equipment	$ 2,376,453.65	$ 2,380,025.18	*$ 3,571.53	* .15
Interest on Funded Debt				
Interest on General Mortgage Bonds	2,386,650.00	2,386,650.00	—	—
Interest on Cond'l Sales Agreements	41,627.98	44,092.67	* 2,464.69	* 5.59
Interest on Unfunded Debt	347,821.27	371,560.34	* 23,739.07	* 6.39
Total Fixed Charges	$ 5,152,552.90	$ 5,182,328.19	*$ 29,775.29	* .57
Net Income	$ 217,931.66	$ 712,859.61	*$ 494,927.95	* 69.43

* Denotes decrease.

SECURITIES

BONDS	Date of Maturity	Total Amount of Issue as of December 31, 1944	Owned by Company	
			Par Value	Book Value
Affiliated Companies				
Allentown Terminal R. R. Co., 4½% First Mortgage Gold Bonds	1954	$ 450,000.00	$ 205,000.00	$ 205,000.00
Dover and Rockaway R. R. Co., 6% First Mortgage Bonds	Demand*	35,000.00	H 35,000.00	35,000.00
New York and Long Branch R. R. Co., 4% Cons. Mtge. Gold Bonds, Series "B"	1981	2,872,000.00	1,430,000.00	1,430,000.00
New York and Long Branch R. R. Co., 5% Cons. Mtge. Gold Bonds, Series "A"	1979	538,000.00	269,000.00	269,000.00
Newark Warehouse Company, 6% Gold Bond	Demand*	1,100,000.00	1,100,000.00	500,000.00
Total		x x x x	$ 3,039,000.00	$ 2,439,000.00
*Past Due.				
OTHER INVESTMENTS				
New York City Bonds, 4%	1959		$ 50.00	$ 49.50
New York City Bonds, 3%	1980		A 71,000.00	72,343.75
New York City Bonds, 4½%	1957		A 3,000.00	3,000.00
New York City Bonds, 4%	1956		A 300.00	297.00
New York City Bonds, 4¼%	1964		B 10,700.00	10,987.50
U. S. Government Savings Bonds, 2½%, Series "G"	1954		50,000.00	50,000.00
U. S. Government Savings Bonds, 2½%, Series "G"	1955		E 100,000.00	100,000.00
U. S. Government Savings Bonds, 2½%, Series "G"	1953		50,000.00	50,000.00
U. S. Government Savings Bonds, 2½%, Series "G"	1954		50,000.00	50,000.00
U. S. Government Savings Bonds, 2½%, Series "G"	1956		100,000.00	100,000.00
U. S. Government Treasury Bonds, 1¾%	1948		250,000.00	250,000.00
U. S. Government Treasury Bonds, 2%	1948–50		5,000.00	5,000.00
U. S. Government Treasury Bonds, 2%	1950–52		500,000.00	500,000.00
U. S. Government Treasury Bonds, 2%	1951–53		3,400,000.00	3,400,000.00
U. S. Government Treasury Bonds, 2%	1949–51		E 250,000.00	250,000.00
U. S. Government Treasury Bonds, 2%	1949–51		10,000.00	10,000.00
U. S. Government Treasury Bonds, 2¼%	1956–59		250,000.00	250,000.00
U. S. Government Treasury Bonds, 2½%	1962–67		100,000.00	100,000.00
U. S. Government Treasury Bonds, 2½%	1962–67		E 900,000.00	900,000.00
U. S. Government Treasury Bonds, 2½%	1967–72		115,000.00	115,000.00
U. S. Government Treasury Bonds, 3⅛%	1946–49		40,800.00	42,622.91
U. S. Government Treasury Notes, 1½%, Series B	1946		1,500,000.00	1,500,000.00
U. S. Government Treasury Notes, 1½%, Series A	1948		35,000.00	35,000.00
U. S. Government Treasury Notes, 1¼%, Series C	1947		1,060,000.00	1,060,000.00
U. S. Government Treasury Notes of Tax, Series C	1945		55,500.00	55,500.00
U. S. Government Treasury Bonds, 3⅛%	1946–49		C 5,000.00	5,209.69
U. S. Government Treasury Bonds, 2½%	1967–72		C 10,000.00	10,000.00
U. S. Government Certificate of Indebtedness ⅞%, Series A	1945		F 425,000.00	425,000.00
U. S. Government Certificate of Indebtedness, ⅞%, Series B	1945		F 250,000.00	250,000.00
U. S. Government Treasury Notes, 1¼%, Series C	1947		G 837,000.00	837,000.00
Total		x x x x	$10,433,350.00	$10,437,010.35
Grand Total		x x x x	$13,472,350.00	$12,876,010.35
Cash on deposit with New York State Insurance Fund		x x x x	D$ 645.00	$ 645.00
Cash on deposit First Natl Bank of New York		x x x x	G 8,302.07	8,302.07

A	Deposited with the City of New York under agreements	$74,300.00	Included in account "Insurance and Other Funds"
B	Deposited with the State of New York (State Industrial Commission)	10,000.00	
B	Deposited with the City of New York under agreements	700.00	
C	Deposited with the Federal Reserve Bank of New York under agreements with U. S. Employees Compensation Commission	10,000.00	
C	Deposited with the State of New York (State Industrial Commission)	5,000.00	
D	Deposits on annual premium for New York Workmen's Compensation policy	645.00	
E	Deposited with Company's Treasurer until disbursed in settlement of charges incurred for deferred maintenance	1,250,000.00	Indcluded in account "Maintenance Funds."
F	Temporary cash investment	675,000.00	Included in account "Temporary Cash Investments."
G	Deposits in lieu of mortgage property sold	845,302.07	Included in account "Deposits in Lieu of Mortgage Property Sold."
H	Deposited with Hudson Trust Co., Hoboken, N. J., Trustee under the Dover and Rockaway R. R. Mortgage	8,000.00	Included in account "Deposits in Lieu of Mortgage Property Sold."

SECURITIES . . . Continued

	Date of Maturity	Total Amount of Issue as of December 31, 1944	Owned by Company	
			Par Value	Book Value
BONDS				
C. R. R. Co. of N. J., 4% General Mortgage Gold Bonds.	1987	$5,000,000.00	$ 10,000.00	$ 10,000.00
C. R. R. Co. of N. J., 5% General Mortgage Gold Bonds.	1987	44,998,000.00	1,257,000.00	1,257,000.00
			$1,267,000.00	$1,267,000.00
NOTES AND MORTGAGES				
Edroyal Corporation, 1½%	On demand	$ 250,000.00	$ 250,000.00	$ 250,000.00
Edroyal Corporation, 1½%	On demand	450,000.00	450,000.00	450,000.00
Penn Haven Realty Company, 6%	When called	40,000.00	40,000.00	40,000.00
Total Affiliated Companies			$ 740,000.00	$ 740,000.00

STOCKS	Total Amount of Issue as of December 31, 1944	Owned by Company	
		Par Value	Book Value
Affiliated Companies			
Allentown Terminal R. R. Co	$ 450,000.00	A $ 225,000.00	$ 225,000.00
American Dock and Improvement Co	30,000.00	B 30,000.00	1,000.00
Bay Shore Connecting R. R. Co	55,800.00	27,900.00	27,900.00
Communipaw Central Land Co.	2,000.00	2,000.00	2,000.00
Dover and Rockaway R. R. Co.	150,000.00	C 75,000.00	79,000.00
Elizabethport and New York Ferry Co	1,455.00	1,455.00	1,455.00
Central Railroad Co. of Pennsylvania F	50,000.00	D 50,000.00	50,000.00
Edroyal Corporation	750,000.00	750,000.00	750,000.00
Hunter Run Water Co	5,000.00	5,000.00	3,196.02
Jersey Central Transportation Co.	20,000.00	20,000.00	20,000.00
Mount Hope Mineral R. R. Co.	160,000.00	109,300.00	†
New York and Long Branch R. R. Co.	4,000,000.00	E 2,000,000.00	2,000,000.00
Newark Warehouse Co.	10,000.00	10,000.00	1,000.00
Ogden Mine R. R. Co.	450,000.00	450,000.00	67,500.00
Penn Haven Realty Co	15,000.00	15,000.00	15,000.00
Railway Express Agency, Inc.		*	1,100.00
Wharton and Northern R. R. Co.	500,000.00	500,000.00	x 1,250,000.00
Total	x x x x	$4,270,655.00	$4,494,151.02
Other Investments			
Lehigh and Hudson River Ry. Co.	$4,707,000.00	$ 787,000.00	$ 748,287.20
Mahoning Coal R. R. Co.		1,500.00	15,150.00
Raritan River R. R. Co.	1,000,000.00	495,300.00	839,609.58
Total	x x x x	$1,283,800.00	$1,603,046.78
Grand Total	x x x x	$5,554,455.00	$6,097,197.80

* Without nominal or par value.

† Included in amount shown as book value of Wharton and Northern R. R. Co.

x Includes book value of Mount Hope Mineral R. R. Co.

A Pledged under General Mortgage	$ 225,000.00
B Pledged under General Mortgage	30,000.00
C Pledged under General Mortgage	45,000.00
D Pledged under General Mortgage	50,000.00
E Pledged under General Mortgage	2,000,000.00
	$2,350,000.00

F Name changed from Easton & Western R. R., Feb. 29th, 1944

INSURANCE RESERVE FUND

Cash on Hand, December 31, 1943		$ 23,509.43
RECEIPTS		
Contributions to Fund	$ 90,000.00	
Sale of Securities	15,173.17	105,173.17
		$128,682.60
DISBURSEMENTS		
Fire and Marine Losses	$ 3,442.67	
Purchase of Securities	115,000.00	
Loss account of sale of Securities	173.17	118,615.84
Cash on Hand, December 31, 1944		$ 10,066.76

ASSETS		LIABILITIES	
Cash	$ 10,066.76	Balance of Reserve, Dec. 31, 1944	$964,951.07
Securities	954,884.31	Claims unpaid	—
Total	$964,951.07	Total	$964,951.07

SECURITIES	Date of Maturity	Par Value	Book Value
U. S. Government, 1¼% Treasury Notes, Series C	1947	$ 75,000.00	$ 75,000.00
U. S. Government, 1½% Treasury Notes, Series A	1947	25,000.00	25,000.00
U. S. Government, 1½% Treasury Notes, Series A	1948	15,000.00	15,000.00
U. S. Government, 1¾% Treasury Bonds	1948	70,000.00	70,000.00
U. S. Government, 2% Treasury Bonds	1948–50	17,000.00	17,000.00
U. S. Government, 2% Treasury Bonds	1950–52	30,000.00	30,000.00
U. S. Government, 2% Treasury Bonds	1951–53	25,000.00	25,000.00
U. S. Government, 2¼% Treasury Bonds	1956–59	25,000.00	25,000.00
U. S. Government, 2½% Treasury Bonds	1962–67	50,000.00	50,000.00
U. S. Government, 2⅞% Treasury Bonds	1955–60	16,000.00	16,151.57
U. S. Government, 3% Treasury Bonds	1951–55	25,000.00	25,019.05
U. S. Government, 3⅛% Treasury Bonds	1946–49	560,000.00	581,713.69
Total Securities		$933,000.00	$954,884.31

TRANSPORTATION STATISTICS

LOCOMOTIVE, TRAIN, CAR AND TON MILEAGE

	1944	1943	Increase or Decrease	
			Amount	Per Cent
TRAIN MILES				
Freight	2,859,520	3,163,704	* 304,184	* 9.61
Passenger	3,301,491	3,608,656	* 307,165	* 8.51
Total Revenue Service	6,161,011	6,772,360	* 611,349	* 9.03
Work	155,895	162,240	* 6,345	* 3.91
Total Train Miles	6,316,906	6,934,600	* 617,694	* 8.91
LOCOMOTIVE MILES				
Freight-Principal, Helper and Light	4,107,218	4,395,743	* 288,525	* 6.56
Passenger-Principal, Helper and Light	3,495,113	3,837,440	* 342,327	* 8.92
Yard Switching, Steam	2,364,084	2,575,781	* 211,697	* 8.22
Yard Switching, Diesel	1,134,894	876,631	258,263	29.46
Yard Switching, Total	3,498,978	3,452,412	46,566	1.35
Train Switching	1,262,018	1,427,152	* 165,134	* 11.57
Work	216,879	234,589	* 17,710	* 7.55
Total Locomotive Miles	12,580,206	13,347,336	* 767,130	* 5.75
CAR MILES				
Freight, Loaded	103,714,501	103,240,013	474,488	.46
Freight, Empty	66,256,343	61,830,146	4,426,197	7.16
Freight, Caboose	2,780,802	3,063,192	* 282,390	* 9.22
Total Freight	172,751,646	168,133,351	4,618,295	2.75
Passenger	19,744,059	20,848,066	* 1,104,007	* 5.30
Total Revenue Service	192,495,705	188,981,417	3,514,288	1.86
Work	52,213	68,063	* 15,850	* 23.29
Total Car Miles	192,547,918	189,049,480	3,498,438	1.85
TON MILES (Thousands)				
Gross Ton Miles, Freight	7,680,166	7,508,279	171,887	2.29
Net Ton Miles, Freight	3,826,573	3,833,413	* 6,840	* .18

OPERATING PERFORMANCE

MAINTENANCE:				
Cost of Maintenance of Way (Track Accounts Only) per Equivalent Track Mile	$ 1,935.87	$ 1,795.98	$ 139.89	7.79
Percent of Total Locomotives out of Service for Repairs	13.77	11.58	2.19	18.91
Percent of Total Passenger Cars out of Service for Repairs	6.83	6.50	.33	5.08
Percent of Total Freight Cars out of Service for Repairs	4.32	2.63	1.69	64.26
Cost of Locomotive Repairs per Locomotive Mile, Classified	$ .105	$ .105	$ —	—
Cost of Locomotive Repairs per Locomotive Mile, Running	$ .219	$ .194	$ .025	12.89
Cost of Locomotive Repairs per Locomotive Mile, Total	$ .324	$ .299	$ .025	8.36
STATIONS:				
Cost per Ton of Freight Handled—Elizabethport Transfer	$ .961	$ .812	$ .149	24.35
Cost per Ton of Freight Handled—Lighterage	$ .557	$ .499	$ .058	11.62
FREIGHT TRAINS:				
Average Net Train Load	1,346	1,228	118	9.61
Average Gross Train Load	2,702	2,405	297	12.35
Average Train Speed	11.6	11.8	* .2	* 1.69
Gross Ton Miles per Train Hour	31,265	28,050	3,215	11.46
Pounds of Coal per 1,000 Gross Ton Miles	146.2	155.9	* 9.7	* 6.22
Cost of Fuel per 1,000 Gross Ton Miles	$ .355	$ .355	$ —	—
Cost of Wages per 1,000 Gross Ton Miles	$ .448	$ .472	$* .024	* 5.08
PASSENGER TRAINS:				
Average Cars per Train	6.0	5.8	.2	3.49
Cost of Fuel and Wages per Train Mile (Cents)	93.48	78.20	15.28	19.54

* Denotes decrease.

TRANSPORTATION STATISTICS . . . Continued

OPERATING PERFORMANCE—Continued

	1944	1943	Increase or Decrease	
			Amount	Per Cent
FREIGHT CARS:				
Net Tons per Loaded Car	36.9	37.1	* .2	* .54
Percent Net to Gross	49.8	51.1	* 1.3	* 2.54
Percent Loaded to Total Car Miles	61.02	62.54	* 1.52	* 2.43
Car Miles per Car Day (of Cars in Service)	21.1	17.6	3.5	19.89
Net Ton Miles per Car Day (of Cars in Service)	463	402	61	15.17
LOCOMOTIVES:				
Pounds of Coal per Locomotive Mile, Freight	209.2	202.7	6.5	3.21
Pounds of Coal per Locomotive Mile, Passenger	141.0	125.5	15.5	12.35
Pounds of Coal per Locomotive Mile, Yard	93.3	91.5	1.8	1.92
Locomotive Miles per Train Mile, Freight	1.18	1.16	.02	1.72
Locomotive Miles per Train Mile, Passenger	1.06	1.06	—	—
ENGINE HOUSE:				
Cost per Engine Handled	$ 6.64	$ 5.39	$ 1.25	23.19

REVENUE TRAFFIC STATISTICS

PASSENGER:				
Passengers	25,272,527	27,388,084	* 2,115,557	* 7.72
Passengers One Mile	479,983,430	503,964,990	* 23,981,560	* 4.76
Revenue per Passenger	$ .30	$ .29	$ .01	3.45
Revenue per Passenger Mile	$ .01564	$ .01592	$* .00028	* 1.76
Average Haul per Passenger	19.0	18.4	.6	3.26
FREIGHT:				
Tons	49,565,957	51,081,882	* 1,515,925	* 2.97
Tons One Mile	3,734,652,000	3,742,646,000	* 7,994,000	* .21
Average Revenue per Ton	$ 1.00	$ 1.01	$* .01	* .99
Average Revenue per Ton Mile	$ .01277	$ .01373	$* .00096	* 6.99
Average Haul per Ton	75.3	73.3	2.0	2.73

* Denotes decrease.

CARLOAD REVENUE FREIGHT TRAFFIC

COMMODITY	1944			1943		
	Carloads	Tons	Gross Revenue (Dollars)	Carloads	Tons	Gross Revenue (Dollars)
PRODUCTS OF AGRICULTURE						
Wheat	1,728	88,141	85,981	2,058	107,594	109,320
Corn	1,073	50,275	64,620	1,012	48,274	68,247
Oats	950	36,585	44,848	1,027	38,791	50,787
Barley and rye	332	13,714	11,677	485	20,472	25,625
Rice	159	6,966	4,778	194	8,218	5,724
Grain, N. O. S.*	48	1,865	3,702	34	1,115	1,067
Flour, wheat	4,541	165,285	117,107	4,857	179,676	128,883
Meal, corn	142	4,699	5,522	128	4,576	5,760
Flour and meal, edible, N. O. S.	1,770	61,813	45,322	886	31,113	22,099
Cereal food preparations, edible, N. O. S.	877	23,528	23,683	548	11,519	9,354
Mill products, N. O. S.	3,968	125,516	142,884	3,799	125,566	154,202
Hay and alfalfa	3,429	54,092	56,610	2,148	34,806	43,148
Straw	200	3,369	5,114	130	2,180	2,629
Tobacco, leaf	996	23,135	21,559	1,424	24,183	20,623
Cotton in bales	1,190	29,181	22,388	1,334	32,775	20,299
Cotton linters, noils, and regins	947	20,645	24,145	1,347	28,335	33,280
Cottonseed	3	63	37	4	123	90
Cottonseed meal and cake	121	3,751	5,966	108	3,300	2,348
Oranges and grapefruit	2,717	63,999	38,505	2,894	68,127	39,072
Lemons, limes, and citrus fruits, N. O. S.	147	3,472	2,219	108	2,320	1,417
Apples, fresh	510	9,714	11,554	219	4,041	4,602
Bananas	240	3,142	3,438	270	3,450	3,542
Berries, fresh	62	1,427	3,009	103	2,309	6,860
Cantaloupes and melons, N. O. S.	263	3,259	2,801	202	2,553	2,117
Grapes, fresh	166	3,054	2,316	146	2,656	1,973
Peaches, fresh	509	5,820	4,893	180	2,063	1,751
Watermelons	490	6,638	4,040	344	4,695	2,875
Fruits, fresh, domestic, N. O. S.	336	6,556	7,891	263	5,140	6,404
Fruits, fresh, tropical, N. O. S.	29	619	444	59	1,411	1,463
Potatoes, other than sweet	7,159	157,112	133,308	7,905	163,970	115,849
Cabbage	313	4,430	3,087	226	3,088	2,972
Onions	299	5,188	4,930	388	6,501	5,109
Tomatoes	393	5,225	3,198	966	12,665	8,913
Vegetables, fresh, N. O. S.	8,054	111,690	136,305	8,122	109,108	99,901
Beans and peas, dried	659	26,087	22,724	487	18,486	19,933
Fruits, dried or evaporated	520	18,724	18,827	260	9,109	9,653
Vegetables, dry, N. O. S.	291	6,839	13,038	213	4,761	8,207
Vegetable-oil cake and meal, except cottonseed	793	24,893	25,004	849	26,687	22,904
Peanuts	258	6,419	6,060	233	5,953	7,700
Flaxseed	10	295	831	6	184	286
Sugar beets	15	349	457	7	155	165
Products of agriculture, N. O. S.	9,592	297,174	306,677	9,059	292,891	287,848
TOTAL	56,299	1,484,748	1,441,499	55,032	1,454,939	1,365,001
ANIMALS AND PRODUCTS						
Horses, mules, ponies, and asses	24	400	546	32	384	803
Cattle and calves, single-deck	7,072	84,797	84,718	6,071	73,683	76,633
Calves, double-deck	312	3,627	3,304	191	2,293	1,885
Sheep and goats, single-deck	338	2,303	2,342	171	1,442	1,867
Sheep and goats, double-deck	2,643	23,769	17,419	1,694	15,781	11,764
Hogs, single-deck	9	201	173	10	159	155
Hogs, double-deck	368	5,491	6,067	161	2,639	2,218
Fresh meats, N. O. S.	2,556	37,449	84,875	2,143	31,319	73,608
Meats, cured, dried, or smoked	1,353	44,720	41,176	2,747	94,766	106,803
Butterine and margarine	194	4,644	5,143	149	4,060	4,765
Packing-house products, edible, N. O. S., except canned meats	1,476	40,782	45,103	1,106	31,503	28,993
Poultry, live	60	857	1,388	61	615	876
Poultry, dressed	579	9,960	20,990	337	5,577	10,115
Eggs	932	15,346	17,600	828	13,621	14,869
Butter	944	17,164	18,728	1,054	18,470	20,559
Cheese	897	20,910	22,651	613	13,362	14,942
Wool	2,505	39,722	41,927	2,570	41,389	49,843
Hides, green	833	20,143	17,954	1,019	24,061	22,003
Leather	621	15,412	14,737	498	12,940	13,482
Fish or sea-animal oil	1,108	30,869	40,317	1,247	35,184	44,654
Animals, live, N. O. S.	28	503	390	6	72	63
Animal products, N. O. S. (other than fertilizers, etc.)	4,584	114,870	119,758	3,830	93,143	112,242
TOTAL	29,436	533,939	607,306	26,538	516,463	613,142
PRODUCTS OF MINES						
Anthracite coal	161,682	9,245,381	11,104,623	151,662	8,582,640	10,680,743
Bituminous coal	185,477	10,762,424	5,547,498	181,716	10,368,238	5,517,701
Coke	8,615	319,712	229,421	4,451	142,578	98,013
Iron ore	9,794	576,496	368,316	10,700	643,345	416,048
Copper ore and concentrates†	—	—	—	—	—	—
Lead ore and concentrates†	—	—	—	—	—	—
Zinc ore and concentrates†	—	—	—	—	—	—
Ores and concentrates, N. O. S.	8,174	473,640	385,380	11,206	633,315	542,603
Gravel and sand (except glass or molding)	20,194	1,091,535	861,159	18,372	984,566	833,702
Stone, broken, ground, or crushed	5,931	355,914	196,319	2,537	144,996	77,189
Stone, rough, N. O. S.	764	38,341	26,394	506	25,822	18,656
Stone, finished, N. O. S.	532	21,552	13,623	448	21,156	10,458
Petroleum, crude	4,701	149,481	135,178	59,441	2,026,564	1,640,027
Asphalt (natural, by-product, or petroleum)	4,253	155,514	173,265	5,034	159,199	153,224
Salt	1,788	78,988	90,739	1,737	79,002	78,757
Phosphate rock, crude (ground or not ground)	2,823	147,697	52,572	3,070	158,818	57,146
Sulphur (brimstone)	1,026	54,851	42,659	1,150	63,184	54,334
Products of mines, N. O. S.	12,986	592,725	400,118	15,192	713,619	471,058
TOTAL	428,740	24,064,251	19,627,264	467,222	24,747,042	20,649,659

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* N. O. S. indicates Not Otherwise Specified.

† Wartime censorship prevents reporting figures for these items.

CARLOAD REVENUE FREIGHT TRAFFIC . . . Cantinued

COMMODITY	1944			1943		
	Carloads	Tons	Gross Revenue (Dollars)	Carloads	Tons	Gross Revenue (Dollars)
PRODUCTS OF FORESTS						
Logs	135	3,631	3,775	148	4,586	5,108
Posts, poles, and piling	1,703	54,364	34,233	1,252	44,691	45,496
Wood (fuel)	21	798	1,020	42	882	1,099
Ties, railroad	3,003	110,575	104,491	1,147	42,078	35,210
Pulp wood	293	10,153	6,220	382	15,133	12,071
Lumber, shingles and lath	24,765	835,652	675,064	25,939	869,157	690,514
Box, crate, and cooperage materials	1,550	40,937	30,352	2,052	53,076	35,022
Veneer and built-up wood	235	6,173	6,313	493	14,640	14,486
Rosin	1,426	38,980	23,287	1,461	43,050	25,679
Turpentine	308	7,460	6,221	316	7,750	7,589
Crude rubber (not reclaimed)	—	—	—	—	—	—
Products of forests, N. O. S.	3,669	67,294	81,564	3,977	73,782	101,507
Total	37,108	1,176,017	972,540	37,209	1,168,825	973,781
MANUFACTURES AND MISCELLANEOUS						
Petroleum oils, refined, and all other gasolines	104,706	3,082,646	3,990,646	95,690	2,827,631	3,643,676
Fuel, road, and petroleum residual oils, N. O. S.	66,182	2,265,789	1,851,513	103,148	3,482,474	2,794,982
Lubricating oils and greases	19,679	540,204	795,518	24,692	694,282	1,122,250
Petroleum products, N. O. S.	1,172	33,950	54,441	1,229	33,990	51,318
Cottonseed oil	1,444	43,832	23,820	1,591	50,198	29,465
Linseed oil	426	12,331	13,712	448	12,953	19,579
Vegetable oils, N. O. S.	1,604	51,091	55,341	1,494	45,586	41,244
Sugar (beet or cane)	1,326	56,106	49,124	4,143	188,005	119,873
Table sirups and edible molasses	658	22,173	14,647	555	17,852	13,566
Molasses, blackstrap and beet residual	178	7,134	5,131	122	4,497	3,769
Iron, pig	1,349	75,963	75,740	1,222	68,613	79,135
Iron and steel, rated 6th class, N. O. S.	2,086	103,969	93,317	3,131	175,872	155,861
Rails, fastenings, frogs, and switches	2,407	117,316	125,117	2,575	124,478	94,774
Cast-iron pipe and fittings	359	9,226	10,505	288	7,152	8,287
Iron and steel pipe and fittings, N. O. S.	4,394	145,818	150,622	3,166	98,143	114,693
Iron and steel: Nails and wire, not woven	1,571	47,835	42,541	1,968	58,350	65,201
Iron and steel, rated 5th class, N. O. S. (also tin and terne plate)	41,223	1,539,932	1,847,180	38,624	1,463,007	1,759,016
Copper: Ingot, matte, and pig†	—	—	—	—	—	—
Copper, brass, and bronze: Bar, sheet, and pipe†	—	—	—	—	—	—
Lead and zinc: Ingot, pig, or bar†	—	—	—	—	—	—
Aluminum: Ingot, pig, or slab†	—	—	—	—	—	—
Machinery and boilers	10,997	221,851	344,007	11,213	220,051	373,776
Cement, natural or Portland (building)	13,429	567,753	544,938	16,710	788,585	734,147
Brick, common	255	10,744	7,232	216	9,403	7,458
Brick, N. O. S., and building tile	2,431	100,472	94,834	2,398	99,352	85,945
Artificial stone, N. O. S.	249	10,748	8,959	187	9,091	11,818
Lime, common (quick or slaked)	2,130	79,752	66,225	1,916	76,188	66,685
Plaster (stucco or wall) and dry kalsomine	242	7,278	4,582	1,103	45,341	33,826
Sewer pipe and drain tile (not metal)	391	7,855	10,436	680	15,346	19,078
Agricultural implements and parts, N. O. S.	79	1,356	1,909	95	1,716	1,796
Vehicles, horse-drawn, and parts, N. O. S.	497	9,873	10,361	123	2,035	3,803
Tractors and parts	1,820	46,482	64,015	1,462	39,453	55,366
Railway car wheels, axles, and trucks	418	15,170	23,295	645	25,064	41,709
Automobiles (passenger)	2,703	25,307	77,705	4,066	43,715	200,754
Autotrucks	28,918	362,470	998,584	13,406	201,833	579,111
Automobiles and trucks, unassembled and parts, N. O. S.	16,075	318,640	670,965	16,816	363,182	981,802
Automobile and truck tires	1,656	27,962	32,356	1,171	20,366	23,913
Furniture, metal	455	5,848	9,913	475	5,425	12,676
Furniture, other than metal	3,878	40,749	68,122	4,238	38,725	72,475
Beverages	15,460	455,062	491,694	12,230	354,528	389,382
Ice	322	10,005	5,498	258	7,813	4,149
Fertilizers, N. O. S.	8,905	332,793	337,875	7,877	303,153	289,090
Newsprint paper	8,304	240,279	176,725	9,735	274,521	203,648
Printing paper, N. O. S.	5,753	160,142	127,864	6,155	180,083	147,156
Alcohol, denatured or wood†	—	—	—	—	—	—
Sulphuric acid†	—	—	—	—	—	—
Explosives, N. O. S.†	—	—	—	—	—	—
Cotton cloth and cotton fabrics, N. O. S.	4,317	80,415	101,601	4,173	73,971	88,921
Bagging and bags, burlap, gunny, or jute	980	22,524	19,541	1,257	31,856	26,625
Canned food products, N. O. S.	12,493	437,131	444,610	7,813	256,006	271,956
Tobacco, manufactured products	597	14,978	18,185	443	11,930	18,802
Paints in oil and varnishes	2,084	52,964	85,853	1,767	44,854	68,741
Furnace slag	845	43,097	37,387	915	44,163	36,924
Scrap iron and scrap steel	14,206	549,096	533,350	15,010	583,407	556,992
Paper bags and wrapping paper	3,462	95,696	81,893	2,642	77,634	67,572
Paperboard, pulpboard, and wallboard (paper)	10,111	276,349	170,778	10,259	279,231	169,524
Building paper and prepared roofing materials	5,215	132,791	127,111	4,440	105,394	109,667
Building woodwork (millwork)	310	5,930	6,263	371	7,549	7,321
Soap and washing compounds	3,439	99,929	75,128	2,122	64,277	47,299
Glass, flat, other than plate	809	30,006	24,801	1,010	37,236	30,015
Glass: Bottles, jars, and jelly glasses	15,375	326,707	472,423	14,728	315,166	454,241
Manufactures and miscellaneous, N. O. S.	268,636	6,831,362	8,646,940	257,560	6,555,817	8,847,912
Total	719,010	20,212,881	24,222,873	721,771	20,966,543	25,258,764
Grand Total, Carload Traffic	1,305,019	49,014,908	48,765,456	1,343,515	50,527,338	50,416,554
Less than Carload Freight	x x x	551,049	1,354,309	x x x	554,544	1,384,954
Grand Total, Carload and L. C. L. Traffic	x x x	49,565,957	50,119,765	x x x	51,081,882	51,801,508

† Wartime censorship prevents reporting figures for these items.

ADDITIONS AND BETTERMENTS

ROAD OWNED AND LEASED	Gross Capital Charges	Retirements	Net Capital Charges
Betterment of rail and other track material (all divisions)	$ 113,695.29		$113,695.29
Thawing pits Pier 18, Jersey City, N. J.	31,785.53		31,785.53
Major repairs to car dumpers Pier 18, Jersey City, N. J.	17,535.16		17,535.16
Installation of Diesel Locomotive Repair Shop, Elizabethport, N. J.	12,537.07		12,537.07
Installation of six shop machines, Elizabethport, N. J.	18,672.07	$ 2,137.90	16,534.17
Purchase of one turret lathe for shop, Communipaw, N. J.	12,488.85		12,488.85
Replacing float bridge No. 5, Jersey City, N. J.	26,888.36	43,804.82	*16,916.46*
Rebuilding float bridge No. 4, Jersey City, N. J.	15,739.00		15,739.00
Installation of car retarders in yard, Allentown, Pa.	54,654.19	60,028.53	*5,374.34*
Signal changes west end of yard, Allentown, Pa.	13,420.95	6,292.67	7,128.28
Purchase of two Yale electric trucks for Stores Dept.	13,563.65		13,563.65
Relocating tracks on Sound Shore Branch, Warners, N. J.	12,124.79	1,942.58	10,182.21
Reconstruction of bridge No. 258½, Long Valley, N. J.	11,617.33	1,999.00	9,618.33
Additional facilities for sanding locomotives, Phillipsburg, N. J.	10,491.95		10,491.95
New locker, toilet and office building, Raritan, N. J.	11,193.13		11,193.13
Installation of water tank and stand pipe, Finderne, N. J.	11,616.08		11,616.08
Retirements:			
New York, N. Y., Pier #39		233,232.73	*233,232.73*
Bayonne, N. J., Bridge #4/09		72,813.50	*72,813.50*
Newark, N. J., coal trestle		23,049.25	*23,049.25*
Atlantic Highlands, N. J., Pier		204,796.54	*204,796.54*
Jersey City, N. J., fender racks		22,035.00	*22,035.00*
Communipaw, N. J., electric generating equipment		58,633.38	*58,633.38*
L & S Division, automatic signals at 22 locations		14,584.97	*14,584.97*
Hazard, Pa., signal tower		17,604.80	*17,604.80*
Central Division, tracks and buildings		202,488.41	*202,488.41*
Southern Division, tracks and buildings		191,566.25	*191,566.25*
Miscellaneous	173,943.66	240,319.48	*66,375.82*
Total Road Owned and Leased	$ 561,967.06	$1,397,329.81	*$835,362.75*
EQUIPMENT:			
New Equipment Purchased:			
Ten Diesel locomotives	$ 785,962.96		$785,962.96
Additions and betterments to existing equipment	102,458.40		102,458.40
Retired Equipment:			
Freight train cars		$ 215,870.71	*215,870.71*
Passenger train cars		138,829.88	*138,829.88*
Work equipment cars		6,928.47	*6,928.47*
Floating equipment		98,000.00	*98,000.00*
Miscellaneous equipment		1,992.03	*1,992.03*
Total Equipment	$ 888,421.36	$ 461,621.09	$426,800.27
Grand Total	$1,450,388.42	$1,858,950.90	*$408,562.48*

Italics denote credits

EQUIPMENT

LOCOMOTIVES	December 31, 1944				December 31, 1943			
	Number	Average Weight (Tons)		Average Tractive Power	Number	Average Weight (Tons)		Average Tractive Power
		Total	On Drivers			Total	On Drivers	
4 Wheel Switch	1	56.2	56.2	22,272	1	56.2	56.2	22,272
6 Wheel Switch	66	76.8	76.8	34,520	66	76.8	76.8	34,520
8 Wheel Switch	55	122.0	122.0	57,111	55	122.0	122.0	57,111
Oil Electric Switch	31	105.8	105.8	52,914	21	100.0	100.0	50,015
10-Wheeler	81	105.0	80.1	34,634	81	105.0	80.1	34,634
12-Wheeler	24	112.0	85.9	39,564	24	112.0	85.9	39,564
Suburban	15	120.3	74.0	26,015	15	120.3	74.0	26,015
Consolidation	14	113.4	101.0	40,555	14	113.4	101.0	40,555
Atlantic	6	107.9	63.9	28,433	6	107.9	63.9	28,433
Pacific	21	158.8	98.6	45,979	21	158.8	98.6	45,979
Mikado	86	169.0	125.5	62,949	86	169.0	125.5	62,949
Total	400	48,212.8	39,428.9	18,344,666	390	47,032.8	38,248.9	17,754,666
Average		120.5	98.6	45,862		120.6	98.1	45,525

FREIGHT CARS	December 31, 1944		December 31, 1943	
	Number	Capacity (Tons)	Number	Capacity (Tons)
Box	2,856	126,400	2,871	127,040
Automobile	200	10,000	200	10,000
Refrigerator	17	650	31	1,210
Coal	5,741	309,535	5,719	308,320
Gondola—Steel	518	31,350	518	31,350
Gondola Steel Underframe	2,634	151,590	2,751	157,460
Ore	68	3,060	68	3,060
Flat	7	280	7	280
Cement	184	12,280	215	14,075
Container	3	150	3	150
Caboose	150	—	150	—
Poling Cars	7	—	7	—
Total	12,385	645,295	12,540	652,945

PASSENGER CARS	Number December 31	
	1944	1943
Coaches	471	477
Combination Passenger	60	71
Other Combination	13	13
Dining	3	3
Baggage and Express	59	59
Club	1	—
Total	607	623
WORK EQUIPMENT		
Cinder Cars	8	8
Business Cars	2	2
Locomotive Cranes	24	24
Pile Drivers	1	1
Work Cars	135	123
Total	170	158

MARINE EQUIPMENT	Number December 31	
	1944	1943
Ferryboats	10	10
Tugboats	8	8
Steam Lighters	3	3
Other Lighters	38	38
Covered Barges	52	52
Car Floats	17	18
Water Pile Drivers	3	3
Launch	—	1
Total	131	133

MILES OF ROAD AND TRACK OPERATED—DECEMBER 31, 1944

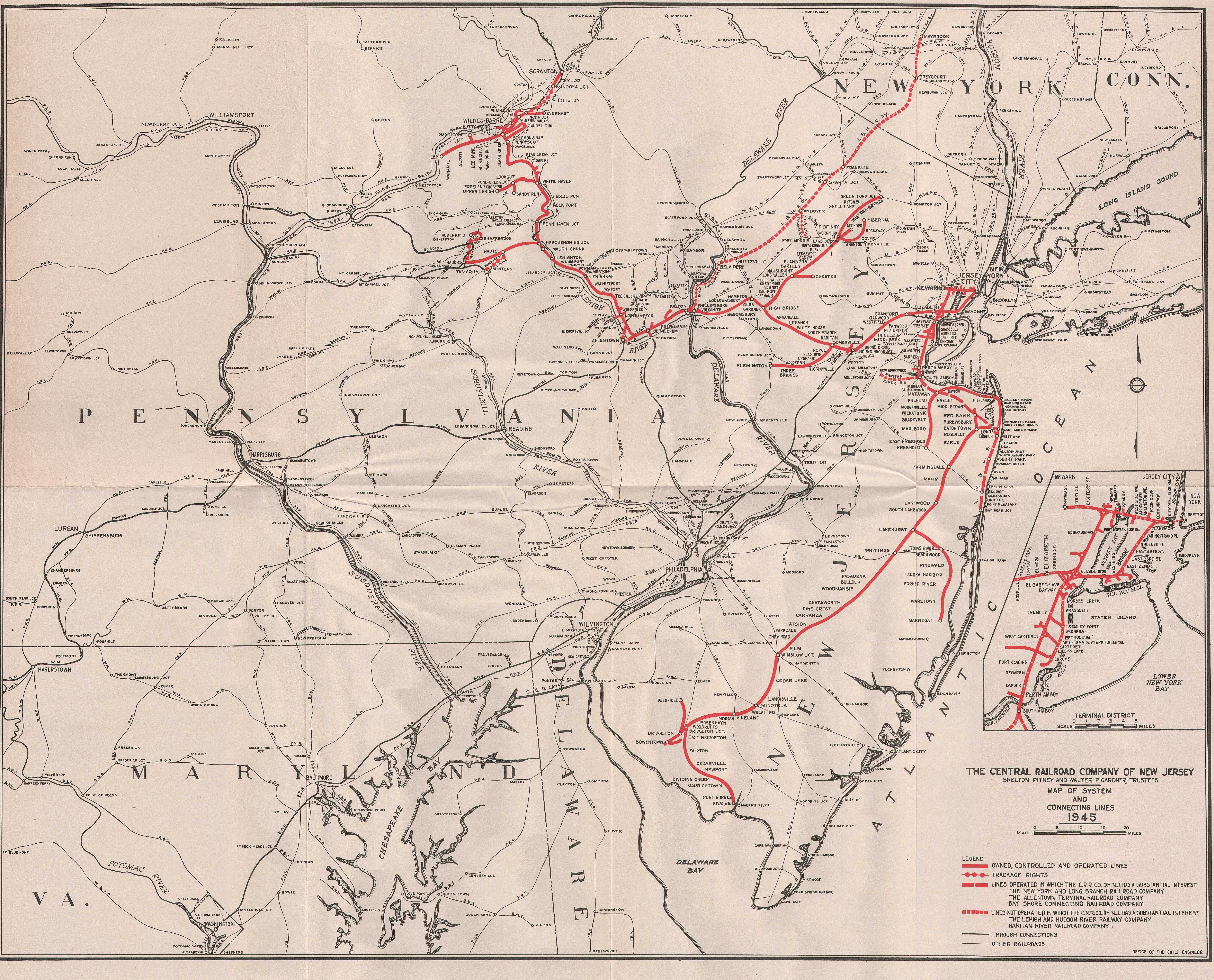
	Owned (*)		Leased		Trackage Rights		Total		
	Main Line	Branches	Main Line	Branches	Main Line	Branches	Main Line	Branches	All
Miles of Road Operated	169.69	208.30	109.39	80.94	47.46	38.16	326.54	327.40	653.94
Second Main Track	72.82	31.77	92.54	10.54	47.34	7.61	212.70	49.92	262.62
Other Main Tracks	93.39	4.74	4.80	—	—	—	98.19	4.74	102.93
Passing Tracks, Crossovers and Turnouts	25.63	9.05	17.19	1.26	.74	1.32	43.56	11.63	55.19
Way Switching Tracks	56.81	50.94	32.57	33.52	35.60	2.82	124.98	87.28	212.26
Yard Switching Tracks	262.74	115.28	130.18	27.39	—	12.47	392.92	155.14	548.06
Total Tracks Operated	681.08	420.08	386.67	153.65	131.14	62.38	1,198.89	636.11	1,835.00

(*) Includes 4.74 miles owned by the Central Railroad Co. of Pennsylvania.

WEIGHT OF RAIL IN MAIN TRACKS

WEIGHT PER YARD	1st Main Track Miles		2nd Main Track Miles		Other Main Track Miles		Total
	Main Line	Branch Line	Main Line	Branch Line	Main Line	Branch Line	
135 pounds	9.60	4.98	7.44	2.35	2.22	1.02	27.61
131 pounds	8.51	2.96	4.27	1.03	3.41		20.18
130 pounds	155.63	42.42	146.13	24.36	79.05	2.09	449.68
100 pounds	60.60	128.27	7.52	13.30	12.18	1.63	223.50
90 pounds	43.97	76.70		.65	1.33		122.65
85 pounds		11.31					11.31
80 pounds		4.48		.62			5.10
76 pounds		2.42					2.42
70 pounds		12.49					12.49
67½ pounds		2.82					2.82
66 pounds		.06					.06
62½ pounds		.33					.33
60 pounds	.77						.77
	279.08	289.24	165.36	42.31	98.19	4.74	878.92(*)

(*) Difference of .61 miles between this figure and miles of track due to including only this Company's proportion of jointly-owned mileage.


NEW YORK
CONN.
PENNSYLVANIA
NEW JERSEY
MARYLAND
DELAWARE
VA.
ATLANTIC OCEAN
LONG ISLAND SOUND
DELAWARE BAY
CHESAPEAKE BAY
HUDSON RIVER
DELAWARE RIVER
SUSQUEHANNA RIVER
SCHUYLKILL RIVER
LEHIGH RIVER
POTOMAC RIVER
C. & D. CANAL
SCRANTON
WILKES-BARRE
WILLIAMSPORT
HARRISBURG
READING
ALLENTOWN
BETHLEHEM
EASTON
PHILLIPSBURG
PHILADELPHIA
TRENTON
WILMINGTON
BALTIMORE
WASHINGTON
HAGERSTOWN
NEWARK
JERSEY CITY
NEW YORK
BROOKLYN
ELIZABETH
PERTH AMBOY
SOUTH AMBOY
LONG BRANCH
ASBURY PARK
LAKEHURST
ATLANTIC CITY
CAPE MAY
BRIDGETON
VINELAND
MAYBROOK
L. & H. R. RY.
TERMINAL DISTRICT
SCALE 0 1 2 3 4 5 MILES
KILL VAN KULL
ARTHUR KILL
STATEN ISLAND
LOWER NEW YORK BAY
RARITAN RIVER

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

SHELTON PITNEY AND WALTER P. GARDNER, TRUSTEES

MAP OF SYSTEM AND CONNECTING LINES 1945

SCALE: 0 5 10 15 20 MILES

LEGEND:

- 🟥 OWNED, CONTROLLED AND OPERATED LINES
- ●●● TRACKAGE RIGHTS
- ▬ ▬ LINES OPERATED IN WHICH THE C.R.R. CO. OF N.J. HAS A SUBSTANTIAL INTEREST
  - THE NEW YORK AND LONG BRANCH RAILROAD COMPANY
  - THE ALLENTOWN TERMINAL RAILROAD COMPANY
  - BAY SHORE CONNECTING RAILROAD COMPANY
- ▪▪▪▪▪ LINES NOT OPERATED IN WHICH THE C.R.R. CO. OF N.J. HAS A SUBSTANTIAL INTEREST
  - THE LEHIGH AND HUDSON RIVER RAILWAY COMPANY
  - RARITAN RIVER RAILROAD COMPANY.
- ━━ THROUGH CONNECTIONS
- ── OTHER RAILROADS

OFFICE OF THE CHIEF ENGINEER